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ROYAL COMM. ON COAL

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ROYAL COMMISSION ON COAL

Montreal, Que., August 21st, 1945.

VOLUME XXXVII

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Montreal, Que.,
August 21, 1945.

The Royal Commission on Coal re-convened at the Old Court House, Montreal, Que., at 10:00 A.M., Tuesday, August 21, 1945.

PRESENT:

His Lordship the Honorable Mr. Justice W. F. Carroll, Chairman.

His Lordship the Hon. Mr. Justice C. C. McLaurin, Commissioner.

Angus J. Morrison, Esq., Commissioner.

J. J. Frawley, K.C., Commission Counsel.

Dr. R. D. Howland, Secretary.

MR. C. E. MACKENZIE takes the stand and continues brief, Ex. 189.

The duty and tax levied by the Canadian Government have amounted to as much as \$1.25 per net ton. The cost of Pennsylvania Anthracite was further increased by as much as eighty-three cents per net ton, which is the amount of United States exchange on the f.o.b. mine price.

These levies increased the cost of United States Anthracite to the Canadian consumer by as much as \$2.03 per net ton.

The Coal Control of the Department of Munitions and Supply froze the wholesale price to the dealers, of Pennsylvania Anthracite, effective November 27, 1943, and also froze the retail prices to consumers, and established as a ceiling those prices in effect during the period September 15, 1941 to October 11th, 1941.

"INDEPENDENT
ANTHRACITES"
(MONTREAL AREA)

The denomination of "independent" refers to all Anthracite in Pennsylvania which is not produced and sold by the Line Companies, under their own names and trademarks. (The quantity of "independent Anthracite" imported in Canada, is included in tonnage figures shown in Tables 1 and 2.)

During the five years preceding April 1942, a number of independent Anthracite coals were available, and their importation into the Province of Quebec may be segregated in two groups

as follows:

Group 1. Trade-marked Anthracite, considered to be of of equal preparation and quality to the coal produced by the Line Companies, and consequently sold at the prevailing Line Company circular price, f.o.b. the mines.

Group 2. Lower grades of Anthracite sold at prices ranging from twenty-five to seventy-five cents below the prevailing circular price published by the Line Companies in general.

The bulk of the "independent Anthracite" distributed throughout the Province of Quebec, prior to April 1942, came within the first group, and was imported by wholesale companies not representing Line Companies.

As far as can be established, only a very small tonnage of the lower grades of "independent coal" was shipped into the Province of Quebec, handled mostly by a few retail dealers. "

BY COMMISSIONER McLaurin - Is this bootleg coal?

A. No sir.

Q. It is not any of this bootleg anthracite, these independents?

A. I would not know.

BY MR. FRAWLEY - Do you suspect? The independent coal as I know it is generally sold through brokers. Where they obtain it I don't know.

BY MR. FRAWLEY - Independent of whom?

A. Of the Line companies.

BY COMMISSIONER McLaurin - I thought it was coal other than that of the Big Six?

A. Yes.

BY THE CHAIRMAN - Does not all this bootleg coal come to the Canadian market?

A. It might possibly.

Q. It would be difficult to prove, but you think it does?

A. I have no reason to think it does, but it is possible.

BY MR. FRAWLEY - There is one man in the Montreal area, Mr. Wm. Clapham, who acts as a broker for independent anthracite. He can tell us.

BY COMMISSIONER McLAURIN - Once it is bootleg coal people don't want to recognize its identity, and it runs to the tune of how many tons a year? A million tons?

BY THE CHAIRMAN - Do you mean something brought illegally into Canada, or illegally mined?

A. Illegally mined is the term in the United States.

BY COMMISSIONER McLAURIN - You go into the field and find those bootleg plants, and trucks going in each direction carrying the coal. It is a major industry.

A. Yes.

Q. The production in the anthracite field might exceed production in some of the big companies?

A. It might.

BY THE CHAIRMAN - Would there be any objection to taking it in if it is good coal?

A. No objection.

BY MR. FRAWLEY - It is mined on other peoples leases?

BY THE CHAIRMAN - What difference does that make to Canada if it is good coal?

A. We have some in Cape Breton.

BY THE CHAIRMAN - You have more in the west I think, than in Cape Breton.

BY COMMISSIONER McLAURIN - In Vancouver Island?

A. Every place, what they call gopher holes.

BY THE CHAIRMAN - In mining your importation is illegal into Canada, that is what I understand by bootleg coal.

BY MR. FRAWLEY - I am not sufficiently familiar with what the customs' duty would say, but anything that is improperly mined I would think the customs had nothing to say about it.

BY THE CHAIRMAN - It might give the consumers of Canada a little cheaper coal.

BY COMMISSIONER McLAURIN - It has an unstabilizing effect upon the whole industry.

A. Most of the bootleg production is trucked, in the trucking area.

BY MR. FRAWLEY - And sold locally.

BY COMMISSIONER MORRISON - Very little comes into Canada?

A. I would not say that.

BY COMMISSIONER MORRISON - It has been known in other industries in Canada that very good products with good labels were sold on the bootleg market in days gone by.

BY MR. FRAWLEY - Certainly the coal mined by any one of the larger companies is not bootleg coal.

A. No, it is their own production.

Q. So the only coal that can be bootleg would be what Mr. Clapham brings in?

A. Or which some importer purchases directly from a broker in the United States.

BY THE CHAIRMAN - Or purchases from big companies when they are in short supply themselves.

A. It is possible.

BY MR. FRAWLEY - Do any of these big producing companies that you represent, are they also engaged in buying coal?

A. I can only speak for my own company. During the emergency period we were purchasing coal.

Q. To hold up your supplies?

A. Yes.

BY COMMISSIONER MORRISON - And some perfectly legitimate coal distributing companies in Montreal who were not in the habit of distributing American anthracite in pre-war days, would buy from those sources?

A. If they could get it.

Q. It would be the only source they could get it. The Big 6 which Mr. Frawley talks about, they have their own outfit.

Mr. Mackenzie continues brief.

"Since April 1942, the price of all independent Anthracite, f.o.b. the mines, has been equal or higher than the prevailing circular price of the Line Companies; the higher prices on certain independent coals have been authorized by the Office of Price Administration in the United States, in view of the increased cost of production of such coals.

CANADIAN
EXPORTS TO
THE UNITED
STATES

The United States is Canada's best customer.

(Please refer to Table No. 4' on next page)

During the period 1920 to 1939, Canadian goods exported to the United States amounted to \$7,891,728,031. Canadian goods exported to Great Britain in the same period amounted to \$6,935,125,426. The average value of exports of Canadian goods per year, for the twenty year period, were \$48,303,080. greater to the United States than to Great Britain.

BY MR. FRAWLEY - Does your Table show the other side of the picture?

A. The Table shows only the exports.

BY THE CHAIRMAN - Is not Canada, Canada's best customer?

A. I would think so.

TABLE NO. 4.

VALUE OF CANADIAN EXPORTS
TO GREAT BRITAIN AND THE UNITED STATES

From 1920 to 1939
- - - -

<u>Year</u>	<u>GREAT BRITAIN</u>	<u>UNITED STATES</u>
	\$	\$
1920	489,152,637	464,028,183
1921	312,844,871	542,322,967
1922	299,361,675	292,588,643
1923	379,067,445	369,080,218
1924	360,057,782	430,707,544
1925	395,843,433	417,417,140
1926	508,237,560	480,199,723
1927	446,872,851	468,434,180
1928	410,691,392	483,700,034
1929	429,730,480	504,161,604
1930	281,745,965	515,049,763
1931	219,246,499	349,660,563
1932	174,043,725	257,770,160
1933	184,361,019	197,424,723
1934	288,582,666	220,072,810
1935	290,855,237	304,721,354
1936	321,556,798	360,302,426
1937	407,996,698	435,014,544
1938	409,411,682	423,131,091
1939	<u>325,465,011</u>	<u>375,939,361</u>
	<u>6,935,125,425</u>	<u>7,891,727,031</u>

Heaton's Handbook.

MR. MACKENZIE continues brief"OTHER
ANTHRACITES
IMPORTED IN
CANADA"

By referring to Table number 2, it can be seen that Canada was entirely dependent upon United States sources of anthracite for domestic heating until the year 1920, when British Anthracite was first imported. The Table covering anthracite importations shows that the largest quantities of British coals imported into Canada were made during the years 1932 to 1940 inclusive. The greatest tonnage of British Anthracite imported in any one year amounted to 1,643,516 tons, in the year 1934.

The average consumption per year, of all Anthracite in Canada, during the period 1922 to 1943 inclusive, was 4,022,248 net tons. It can be readily appreciated that Canada cannot depend entirely upon Great Britain as its source of supply for domestic Anthracite.

May we draw your attention to Table No. 5 (Overseas Anthracite Importations) giving the importations in tons of Overseas Anthracite imported into Canada for the period 1922 to 1943 inclusive. This statement shows that substantial quantities of Anthracite were imported into Canada from countries other than Great Britain.

Large stocks of Anthracite were imported during the period 1926 to 1939 from Germany, French Indo-China, Belgium and Russia, and somewhat lesser tonnages from Morocco and the Netherlands.

Will you please refer to Table No. 6, which gives the importations of Overseas Anthracite from the British Isles, from the Continent of Europe, and from Asia. This table gives the percentages from those three areas.

In 1935 the importations of Anthracite from Overseas included 81.64% from Great Britain; 11.50% from Germany, and 6.86% from other Continental countries and Asia.

In 1938 importations of Anthracite from Overseas were made up by 68.99% from Great Britain, 23.59% from Germany, and the balance of 7.42% from other Continental countries and Asia.

TABLE NO. 5.									
"OVERSEAS" ANTHRACITE IMPORTATIONS									
INTO CANADA									
EXPRESSED IN NET TONS									
(Dominion Bureau of Statistics)									
YEAR	GREAT BRITAIN	GERMANY FRANCE	INDIA-CHINA	BELGIUM	MOROCCO	RUSSIA	NETHERLANDS	OTHERS	TOTAL
1922	179,708	49,716					37,802		179,708
1923	261,659	4,818				6,204	5,155		261,659
1924	275,277					117,304	1,102	B.S.A. Japan	275,277
1925	549,247					291,407		328	549,247
1926	272,170								359,690
1927	788,235								798,208
1928	526,467								534,102
1929	729,458								846,874
1930	996,127								941,718
1931	876,364	11,430	1,122						1,452,625
1932	1,399,086	60,762	4,592						1,605,784
1933	1,605,776	52,189	700	650					1,733,162
1934	1,643,516							China, Alaska Nfld.	1,781,233
1935	1,454,521	72,103	54,447	17,557				8	1,844,192
1936	1,333,602	205,047	83,702	67,220				6	1,577,649
1937	1,134,855	359,194	3,131	44,543					1,740,391
1938	1,199,131	273,696	8,131	8,131	78	160,889			1,372,040
1939	1,034,901	407,031	37,816	34,182	19,645	14,952	37,594		1,329,181
1940	1,329,181	293,603	43,517						630,189
1941	630,189								379,524
1942	379,525								384,788
1943	384,788								218,511
1944	218,511								

TABLE NO. 6.ANTHRACITE IMPORTATIONS

INTO CANADA

BRITISH ISLES - CONTINENT OF EUROPE - ASIA

<u>Year</u>	<u>Total net tons Imports from Overseas</u>	<u>Percentage of British Anthracite to Total of Imports</u>	<u>Percentage of German Anthracite to Total of Imports</u>	<u>Percentage from all Continental Countries to Total of Imports</u>	<u>Percentage from Asiatic Countries to Total of Imports</u>
1925	549,247	100.00%			
1926	359,690	75.65%	13.82%	24.35%	
1927	798,208	98.70%	0.64%	1.30%	
1928	534,102	98.57%		0.21%	1.22%
1929	846,874	86.14%			13.86%
1930	1,300,136	76.66%	0.88%	0.88%	22.46%
1931	941,718	93.06%	6.46%	6.46%	0.48%
1932	1,452,625	96.31%	3.59%	3.64%	0.05%
1933	1,605,784	100.00%			
1934	1,733,176	94.80%	4.20%	5.20%	
1935	1,781,233	81.64%	11.50%	15.31%	3.05%
1936	1,844,192	72.31%	19.50%	22.85%	4.84%
1937	1,577,649	71.81%	17.30%	18.01%	10.18%
1938	1,740,391	68.99%	23.59%	28.60%	2.41%
1939	1,372,040	75.40%	21.40%	21.40%	3.20%
1940	1,329,181	100.00%			
1941	630,189	100.00%			
1942	379,524	100.00%			
1943	384,788	100.00%			
1944	218,511	100.00%			

It seems evident from this data that Great Britain has not sufficient anthracite available at all times to supply the market created. It has been necessary, even in normal times, to go outside of Great Britain to obtain sufficient anthracite of similar characteristics to supply the market created by British Anthracite Importing Companies."

BY MR. FRAWLEY - I am not clear just what you mean by "market created by British Anthracite Importing Companies". There was a market for Anthracite before the British Anthracite started to come in.

A. Anthracite of that peculiar characteristics, I think I said that here.

Q. When you say "It has been necessary, even in normal times, to go outside of Great Britain to obtain sufficient Anthracite of similar characteristics to supply the market created", where have they had to go to supply that market which was created?

A. Germany.

Q. You are not referring to your own people. You say the reason the Continental Anthracite came in was because the exporters in Great Britain didn't have enough to supply the importers of Canada with what they required of that kind of anthracite.

A. I said "It seems evident from this data that Great Britain has not sufficient Anthracite available at all times to supply the market created. It has been necessary, even in normal times, to go outside of Great Britain to obtain sufficient Anthracite of similar characteristics to supply the market created by British Anthracite Importing Companies." It seems necessary.

Q. Did German Anthracite come in because those British producers asked that it come in, or did the German Anthracite come in because the Germans wanted to send it in?

A. I don't know.

BY COMMISSIONER McLEURIN - You mean there was a taste created for that type of ^{British} Anthracite, and the demand for that particular type was apparently greater than could be supplied by Great Britain?

A. Apparently.

Q. And some came from Westphalia?

A. Apparently.

BY MR. FRAWLEY - And Mr. Aird's Company when they found they could not get enough British Anthracite, did they then go into Westphalia and bring that Anthracite in?

A. It seems naturally so, because if he could get all that coal of that particular characteristics in Great Britain, he would not go to Germany.

Q. I don't know that Mr. Aird went into Germany.

A. I don't know that he did.

Q. You leave that impression, that the people here didn't have enough Welsh Anthracite and they went to the Continent and brought in Continental Anthracite.

A. It seems so.

Q. I thought perhaps you knew about it?

A. No, I don't.

MR. MACKENZIE continues brief

The Anthracite imported into Canada from the Continent, and from Asia, was marketed by the same Canadian firms who imported British coals.

BY COMMISSIONER MORRISON - That would be the answer to the question, would it not?

BY THE CHAIRMAN - Just before you conclude the brief. Do you think it unfair, and I am not disagreeing with you if you do, do you think it unfair that there should be a tariff against American Anthracite and no tariff against British Anthracite?

A. Personally I do, Sir.

Q. Outside of the British Preference introduced in this country around 1897, Great Britain never had that privilege in this country. They got certain concessions, a lower tariff, and so on, but so far as the tariff structure is concerned, if you take it either for the purpose of implementing the Income of Canada by way of tariffs, or from a matter of protection, which is not very likely in this case, it does seem to you unfair?

A. Yes Sir, especially on a vital commodity.

Q. On any commodity?

A. I am not a 100% free trader.

A. I am not talking about free trade at all. I say, if Canada undertakes to put up a tariff against one country, outside of their policy, a preferential tariff to England, it does seem unfair?

A. When there is no Anthracite, as in this case, produced in Canada.

Q. And that is the basis which I think is wrong, because coal is produced in this country, but perhaps not of as good a nature as the Anthracite coal. That is the basis why there was no duty on Anthracite, because we were not producing it, but they forgot the fact that we were producing a coal; and not forgetting the year that the tariff on American coal was not on, American hard coal.

BY MR. FRAWLEY - If you are right in saying, Mr. MacKenzie, that there should be a duty on United Kingdom Anthracite just as much as a duty on the American Anthracite - is that what you are saying?

A. Not altogether.

Q. I thought you answered the Chairman in that way, that you felt there should be?

A. I said I didn't think there should be a duty on American Anthracite. I don't say there should be a duty on United Kingdom Anthracite.

Q. Assuming that the duty on American Anthracite remains, I think it is a complement to what you have just said, do you feel in that state of affairs that there should or should not be a duty on the United Kingdom Anthracite?

A. I think the United Kingdom Anthracite should be put on a competitive basis with that from the United States.

Q. It naturally follows that there should be the same situation with regard to bituminous coal. Is that so?

A. I am not discussing bituminous coal.

Q. Bituminous coal is just a foreign substance to you?

A. There are ramifications in bituminous coal.

BY COMMISSIONER MORRISON - What effect it has on Canada as a whole does not interest you outside of your own particular business?

A. Yes it does.

Q. Why can't you answer the question then. You shrug your shoulders, you are not interested. Let us be fair. It depends on whose bull is getting gored, which is a good Western term.

BY MR. FRAWLEY - There is not a great deal of bituminous comes into this country other than from the United States. Not very much Bituminous from the United Kingdom?

A. I could not give you figures on that.

BY COMMISSIONER MORRISON - There are of course a lot of Protectionists by day and Free Traders by night.

MR. MACKENZIE continues brief.

CONCLUSIONS The vital importance of United States Anthracite to our Canadian domestic fuel requirements can be readily realized because of the geographic proximity of Pennsylvania Anthracite to Eastern Canada.

By reviewing Table No. 2, it can be readily seen how dependent Canadian householders were, and are, on Anthracite from the United States.

From the eighteen-seventies to the present time, Canada's sole source of supply was from the United States, with the exception of the period from 1920 to 1940. During that period, Anthracite from Overseas supplied a portion of Canadian Anthracite requirements. During emergency periods, such as World War 1, and the present War, many Canadian consumers of Anthracite would have suffered serious hardships if United States Anthracite was not available.

The Canadian Anthracite burning market and Canadian householders depending upon United States Anthracite for health and comfort, during the present emergency period, enjoy exactly

the same privileges that were extended to citizens within the United States.

The Government of the United States, along with the producers of Anthracite in Pennsylvania, saw to it that Canadian consumers received the same quota as citizens in the United States received.

Canadian consumers owe a great debt of gratitude to the United States Government, and to the Anthracite producers, for if American Anthracite had failed to come into Canada from that country during emergency periods, many householders would have suffered seriously from lack of heat.

During the present emergency period, Canadian Regulations governing the importations and distribution of Pennsylvania Anthracite were naturally based upon United States Government Regulations controlling the distribution of American Anthracite within the United States.

Our Canadian Coal Regulations during the emergency period controlling the distribution of Anthracite to the retail fuel merchant and to the consumer are similar to the Regulations adopted in the United States.

The good neighbour policy extended by the United States has certainly saved many Canadian users of solid fuel from actual distress during this War.

It has already been stated that the export of Pennsylvania Anthracite to Canada is on the same basis as the distribution of that fuel within the United States. The Canadian Coal Control Regulations directing the distribution of American Anthracite during the Coal Years 1943-1944 and 1944-1945 were based on the tonnage of that Anthracite imported and distributed in Canada during the Coal Year 1942-1943.

Before the present War, Canadian Importations from the United States amounted to 1,685,532 tons in 1932. In the year 1939, when Canada entered the War, importations of Pennsylvania Anthracite amounted to 2,605,765 tons. During the Coal

Year 1942-1943, which was the period adopted as a basis for establishing quotas, there were 4,457,536 net tons of Pennsylvania Anthracite imported into Canada.

If the United States Government based the Canadian quota on our pre-war purchases, which they could have done, Canadian householders would probably have experienced actual distress.

As a matter of fact, during this emergency period the distribution of Pennsylvania Anthracite to Canadian retail merchants, and to the consumers, was not interrupted to the same extent that certain markets were interrupted in the United States.

The supply of American Anthracite, during the present emergency period, to Canada, has brought grave problems upon the Anthracite producing companies, and the United States Railroads. Railway equipment to transport Anthracite to Canada was very scarce due to Government priorities for the movement of War materials. It was only due to the co-operation of the United States Railroads with the Anthracite producers, that Pennsylvania Anthracite moved into Canada with very few interruptions.

It is a demonstrated fact that Canada to a major extent is dependent on United States Anthracite for domestic heating, and a fact that no anthracite is produced in Canada, nor any coal of similar quality that is as convenient and as economical for domestic heating.

We believe the household consumer in Canada should be placed in a position to obtain supplies of Anthracite domestic fuel at the lowest possible cost.

BY MR. FRAWLEY: I think we had better put the other brief into the record, Exhibit 190. Before you start, Mr. Mackenzie, I notice that the supplementary brief has not been signed by as many people as the main brief. There is no significance attached to that fact, is there?

MR. MACKENZIE: Yes, there is.

BY MR. FRAWLEY: Well then, let's get that on the record. The Boon Strachan Coal Company participates in the main brief and in the supplementary brief, is that right?

A Yes sir.

Q The Canadian Import Company Limited participates in the main brief but not in the supplementary brief?

A That's right.

BY COMMISSIONER McLAURIN: Who are the ones that do not?

A The importing anthracite firms/^{who} did not sign the supplementary brief were the importing firms interested in the importation of British anthracite.

BY MR. FRAWLEY: Canadian Import, Mongeau & Robert, F. P. Weaver. F. P. Weaver and Company is not importing any British anthracite, as I understand it. Isn't that right, Mr. Mackenzie?

A I don't know, sir.

Q Well, they are buying some anthracite or distributing some anthracite for British Coal?

BY COMMISSIONER McLAURIN: Well, they are interested in the sale of British anthracite. I will correct that: interested in the distribution of British anthracite.

BY MR. FRAWLEY: And Vipond-Tolhurst, do you know whether they are distributing any U.K. anthracite?

BY COMMISSIONER McLAURIN: Just who didn't concur? That's all we are interested in.

BY MR. FRAWLEY: Canadian Import, Mongeau & Robert, Scotch Anthracite, F. P. Weaver Coal, is that right?

A Yes sir.

MR. MACKENZIE proceeds to read Exhibit 190:

UNITED STATES ANTHRACITEMontreal Area

This supplementary brief is filed, for we, the undersigned, feel that the concluding recommendations contained in the first brief, signed by us and other importers of United States anthracite in the Montreal area, should be more specific.

It is a demonstrated fact that Canada, to a major extent, is dependent on United States anthracite for domestic heating. No anthracite is produced in Canada, nor any coal of similar quality, that is as convenient and economical for domestic heating.

We strongly recommend the removal of existing levies at present borne by the taxpayer, when buying this vital commodity necessary to keep his household in a healthy state.

BY COMMISSIONER MORRISON: Now at that point, what do you mean by that, existing levies? The tariff? Would you enumerate them?

A Yes sir. There is a duty of 50 cents per ton, per net ton.

BY COMMISSIONER McLAURIN: That's all now, isn't it?

A That's all.

BY COMMISSIONER MORRISON: So when you say "levies" the singular is correct?

A There are levies, there are United States levies, Mr. Morrison.

Q Oh yes, but the Canadian Government has nothing to do with those.

BY COMMISSIONER McLAURIN: I suppose you used the plural there because until recently there was the War Exchange Act and the excise tax which have recently been removed.

BY COMMISSIONER MORRISON: Now these people who signed this brief are pretty responsible business men operating in the city of Montreal? They are in favor, as I take it, of free trade as far as American anthracite is concerned, is that right? Are they willing to follow that out a step further

and say that for mining machinery and binders and a few things we use out in Western Canada and down in Cape Breton, the same principle should be applied to some of the many things which are bought from manufacturers whom you supply with coal in the city of Montreal? Are they willing that the same principle should apply in these matters? Can you speak for yourself then? What is your own view on that score? If it is a good thing to remove the tariff on American anthracite--and I have no quarrel with you; don't misunderstand me--would you go so far as to say in the general interests of Canada would it also be a good thing to remove the tariff on some of the manufactured articles that are sold in the Montreal market?

A If it wasn't injuring the Canadian production.

Q And following that to its logical conclusion then, if the removal of the tariff on American anthracite injured Canadian production of coal you would be likewise opposed to removing the tariff on American anthracite?

A I don't think that the removal of the duty on American anthracite would hurt very materially the consumption of Canadian coal for domestic use.

Q I don't think we are competent at the moment to judge as to what degree injury might take effect, but assuming that there would be an injury--that is the basis on which you answered my question on the other side of the ledger--assuming that there was an injury to Canadian coal production by the removal of these levies, then you would be opposed to them being removed?

A I don't know.

Q After all, Mr. Mackenzie, you are coming up here with a very concrete recommendation and apparently one that was arrived at on second thought, because first of all you present this very exhaustive brief and after giving the matter very careful consideration both from the point of view of the anthracite importers and no doubt the general economy of Canada, and

on further study you come with a second brief, which I would say was prepared on second thought, and sometimes second thoughts are best. You give it a lot of study and thought. After all, what do you want in this regard? What is the underlying cause for this recommendation?

A That American anthracite be put on a competitive basis with other anthracites imported into Canada.

Q All right, there is another way of doing that. You could put a customs tariff on the other anthracite. Would that meet your purpose?

A It might.

Q After all, this is your submission and you must have thought that this was the best way to approach this problem. I am asking you because you as C. E. MacKenzie, vice-president of this company, can't talk for the other people on here. You said as far as removing the customs duty on other articles which enter into the every-day life of many Canadians living outside the city of Montreal that you would be opposed to removing those customs duties if they affected the manufacture of those articles. Now by the same token I would like to know if you are of the same opinion about removing the duty of 50 cents per ton on American anthracite if in the least degree it affected the production of coal mined in Canada. You said you didn't know. What are your views? Let's be frank.

A Naturally I have sympathy with Canadian coals.

Q Well, you can't take sympathy to the bank.

A Let me finish. I don't think that the removal of duty on anthracite would affect the consumption of bituminous coal in Canada.

BY THE CHAIRMAN: It did affect the importation of anthracite coal immediately it was put on in 1931 and 1932, because the importation of anthracite dropped some 500,000 tons the following year. I think that is a fair inference to make.

A British or American?

Q The brief that we had--I don't know.

BY COMMISSIONER McLAURIN: The table of importations were about the same. I guess it did affect American.

BY COMMISSIONER MORRISON: You can't have your cake and eat it. Let's be frank about it. What do we want? Are we going to have free trade? Do we want to remove all those barriers? I will go a long way with you on that.

A I think all American anthracite is asking is that it be put on a competitive basis with other anthracite coming into Canada.

MR. MACKENZIE continues brief:

The customs duty and taxes collected by the Canadian Government on imports of American anthracite are not levied on British anthracite importations. These levies increase the cost of American anthracite to the householder.

It is quite possible these levies have established higher prices on European, and other "Overseas" coals, used for domestic heating.

It has been a general practice, of firms importing "Overseas" anthracite, not to announce wholesale prices to the trade, until a schedule of wholesale prices on United States anthracite was made public.

We believe the household consumer in Canada should be placed in a position to obtain supplies of United States anthracite domestic fuel, at the lowest possible cost, free of duty and other tax burdens.

BOON STRACHAN COAL CO. LTD.
N. F. Devenport, Treasurer
Distributor:
Weston Dodson Co. Inc.

VIPOND-TOLHURST LIMITED
Edgar F. Tolhurst, President
Distributor:
Lehigh Navigation Coal Co.
Limited

D. L. & W. COAL CO. OF CANADA LTD.
C. W. Mackenzie, Vice-President

READING ANTHRACITE CANADIAN COMPANY LTD.
Robert Karlson, Vice-President.

F. CLAPHAM,
Broker: "Independent Anthracite"

EXAMINED By Mr. Frawley.

Q Of course that last paragraph explains all that you and Mr. Commissioner Morrison have been discussing. You don't mean that there should be a duty on U.K. anthracite at all, because all that would do would keep the price up to the consumer, so you say, "Away with the duty on American anthracite and leave U.K. anthracite as it is"? Would you like me to rewrite this last paragraph, "We believe the household consumer in Canada should be placed in a position to obtain supplies of radios and refrigerators at the lowest possible cost, free of duty and other tax burdens." What would you think about that?

A I would have to consult the other signers.

Q Because that is the way they feel out West. In Winnipeg, you know, they have a lot of those ideas. This submission of yours, which I am very glad to see you have the courage to submit, does open up those other questions, because as long as the people in Canada have to pay high prices because of Canadian tariff fiscal policy perhaps there is not so much wrong in seeking to move the coal by Government assistance. It is all part of the pattern. That is the difficulty. We may be the people who will throw it away. All right now.

BY THE CHAIRMAN: Before you proceed there is just one question I want to ask you. In your second paragraph you say, "It is a demonstrated fact that Canada, to a major extent, is dependent on United States anthracite for domestic heating. No anthracite is produced in Canada, nor any coal of similar quality, that is as convenient and economical for domestic heating." The first part of that, that "Canada is dependent, to a major extent, on United States anthracite for domestic heating." Have you given that serious thought?

A As far as anthracite, sir, is concerned.

Q Well, why didn't you say so? You didn't say that--"is dependent on United States anthracite for domestic heating." You say for domestic heating we are dependent on United States

anthracite.

A Well, that paragraph means that the bulk of anthracite consumed in Canada for domestic heating came from the United States.

Q I know, and I don't think that is the meaning you are giving, because the very next: "No anthracite is produced in Canada, nor any coal of similar quality." Wouldn't the answer to that whole thing be the proper preparation of coals, to put it on an equally meritorious scale with anthracite. I am talking now as a Canadian. For example, wouldn't it increase our national income tremendously, and that is what we are after, is it not? I don't like the impression to go abroad in this country that we are dependent on any country in the world, or any other country than Canada, for domestic heating. The oil people, for example, would not agree to that for a moment. There is more oil being used down in our part of the country today for domestic heating than coal. What I am getting at is a Dominion of Canada policy. Don't you think it would be the best thing for our operators and our governments, who are assisting, to make a better prepared coal, as a national proposition?

A If it could be burned in the present equipment.

Q I am leaving that out of the question altogether. You don't suggest any better equipment here at all.

A It would be better for Canada, yes.

Q And isn't that what we are after, to increase the national income? I am only throwing this out. I am not finding fault with your brief in that regard at all, but there was one other question I was going to ask you. What about this gentleman who represents "Independent Anthracite" that we were throwing to the wolves a few minutes ago? So you have in Montreal a coal importer, or whatever you want to call him, importing independent anthracite?

A Yes sir.

Q There is nothing wrong about that, is there?

A Nothing wrong.

Q In the other case I got the idea that it was wrong because it interfered with the importers generally. These people here are mostly distributors, are they not?

A The independent importer doesn't disturb me any more than any other competitor.

BY MR. FRAWLEY: Mr. Mackenzie, could you tell me in a word what is the principal difference between U.K. anthracite and the Pennsylvania anthracite?

A U.K. anthracite's clinkering ash characteristic.

Q The ash characteristics, there is a difference there?

A In the clinkering characteristics.

Q And that is in favor of what, the U.K. anthracite or the American?

A I wouldn't say it was in favor. The U.K. ash clinkers at a lower fusion point than the anthracite produced in Pennsylvania.

Q In other words, you burn U.K. anthracite and you get a clinker. You burn Pennsylvania and you get this white fly ash?

A Providing you don't heat the ash to a degree--you can clinker any ash.

Q Yes, but you don't get that ordinarily in the U.K. anthracite?

A The U.K. anthracite burning under normal conditions for domestic use clinkers.

Q I am just assuming reasonably good treatment in the fire?

A It clinkers.

Q Is that what Mr. Aird and Mr. Chapman mean when they say the U.K. production has better consumer acceptance, because it clinkers rather than burns into a fly ash?

A I don't know that it has better consumer acceptance in Canada than United States anthracite.

Q Do you go along with Mr. Aird that there is a better consumer acceptance of U.K. anthracite?

A In some cases, due to equipment in which British anthracite is burned.

- Q Do you mean to say then that the U.K. people see to it that the user of their coal uses proper equipment and you people don't?
- A I could give you a long dissertation on that. The U.K. buckwheats are burned ordinarily on a flat fixed grate and you can't remove the ash through that grate because it will shake your grate. U.K. anthracite goes to a clinker. The ash is removed in the form of a clinker. To burn American anthracite, resulting in a powdery white ash, you must have ordinarily a grate that will shake the ashes through, therefore the consumer who has a flat fixed grate naturally is inclined to purchase U.K. or German or some coal that will result in a clinker.
- Q And it is true, as Mr. Bird says, that he will pay more for it? It actually commands a premium in this market, I understand?
- A I think that is a matter of market.
- Q Well, isn't it a matter of consumer acceptance? You don't find a consumer paying more for it unless he is anxious to get it over and above the other product?
- A Well, if I sincerely believe an article is better than another I may be inclined to pay more for it.
- Q I mean rightly or wrongly they have built up that idea in the consumer's mind. They have got him convinced--or deceived--that he should pay more for it?
- A Well, to start with he would have to pay the going price for the coal that was necessary for him to burn in his particular type of equipment.
- Q I take it by inference that the equipment by and large in the Montreal area is more suited to burning the U.K. anthracite which goes to a clinker rather than ash?
- A Only in buckwheat sizes.
- Q Going into the other sizes, what is the situation there, the comparable situation there? Does it also command a premium over the American anthracite?
- A Yes.

- Q Then there must be some consumer acceptance there also?
- A If the consumer thought it was better coal.
- Q He hasn't got this equipment difficulty to worry about. What does he have which is better than yours?
- A Well, I have never burned any Welsh anthracite.
- Q I would hate to think you did. I think it is important to try and get on the record in as simple language as possible what the outstanding differences are and points of comparison between these two coals.

BY THE CHAIRMAN: Haven't you got analyses of both?

BY MR. FRAWLEY: We could get all that, but I think it valuable to have a very well informed man like Mr. Mackenzie tell us that while he is on the stand.

- A I suppose it is a problem of marketing.

BY COMMISSIONER MORRISON: Is it true that it has a higher B.T.U. value?

- A That is what I mean by method of marketing.

BY MR. FRAWLEY: Oh, well then, let's speak a little more plainly. The U.K. anthracite has got more B.T.U.'s than your coal?

- A I won't say it has until I see some comparative analyses, and as a matter of fact B.T.U.'s don't determine which is the most efficient and economical coal.

Q I thought you were agreeing with Mr. Morrison that it did; the consumer is buying B.T.U.'s?

- A He is buying more volatile matter too.

Q I don't expect you to go out and start throwing your hat around for this U.K. anthracite. Perhaps we will let it go at that. I don't know whether Mr. Aird's brief did it deliberately or accidentally or casually, but a certain part of his brief left the impression with me that the Pennsylvania anthracite producers were sending anthracite over here because we were nice people, and I would like to know whether you think that the Pennsylvania people are sending anthracite coal over here because we are very nice people or because they

want to make some money selling the stuff in Canada?

A I think he sends coal to Canada because we are nice people, and he sells coal because he wants to make some money.

Q Suppose we weren't nice people at all, but paid our bills. Wouldn't he still send it then?

BY COMMISSIONER McLAURIN: We would still be nice people.

A I think if the United States anthracite producers were hard hit they could have looked after their own United States anthracite consumers before Canadian consumers, or they could have looked after their United States consumers in Canada.

BY COMMISSIONER McLAURIN: Not after Mr. Roosevelt's speech at Kingston on Good Neighbor policy. We would expect just as decent treatment from the United States as Mexico. In the fight for freedom and liberty and the kind of a war we were in the United States did what they should do, and I think Canada on the other side did for the United States just what they should do. I think the Pennsylvania producers were broad-minded and fair.

BY THE CHAIRMAN: With an eye to the future.

BY COMMISSIONER McLAURIN: And probably with an eye to a market that is important.

BY MR. FRAWLEY: Now, Mr. Mackenzie, I think this is important because I have heard so much of what I think is just misinformation. I am told of those gentlemen over in Philadelphia, the Big Six, that they sit down at the beginning of the year and when they are mapping out the year's operation the Canadian market is a distinct and integral part of their season's plans?

A Definitely. They want to sell their coal.

Q I am asking you whether the profit motive is the main motive that sends the American anthracite into Canada?

BY THE CHAIRMAN: Of course when we say they were very good to us that is only during the war period.

BY MR. FRAWLEY: I am citing especially the war period.

BY THE CHAIRMAN: Surely nobody suggested they were sending coal into Canada because we are good fellows?

BY MR. FRAWLEY: I have heard this said: There is not much anthracite down there anyway; they would be very happy if we didn't want any more anthracite in Canada at all. Do you regard that sort of thing as pure nonsense?

A I don't believe it.

Q Now you say in your brief, and I think perhaps an extra word about it would not be out of place, that Canadian householders "enjoy exactly the same privileges that were extended to citizens within the United States." Now just what do you mean by that?

A The distribution on a quota basis is based on the coal year, the purchases during the coal years 1942-43.

Q You were referring to the war period, were you?

A Yes.

Q Oh, I see. Well, I don't care about that.

A That is what I said.

BY COMMISSIONER MORRISON: Will you turn to page 1 of your main brief, Exhibit 189, the paragraph at the foot of the page: "It has been conservatively estimated that sixteen billion tons of anthracite are contained in the anthracite fields in Pennsylvania," then you give other estimates. Who is your authority for those figures?

BY COMMISSIONER McLAURIN: That is the reserves?

BY COMMISSIONER MORRISON: Yes.

A I am just hesitating whether to say the Department of Mines or--I believe I can verify those figures, Mr. Morrison.

BY COMMISSIONER McLAURIN: Can you give us the original source?

A Yes.

BY COMMISSIONER MORRISON: We would be glad to have it.

A I took that out of a publication of the Anthracite Institute. I believe the United States Bureau of Mines.

BY COMMISSIONER McLAURIN: Is your authority for that statement?

BY MR. FRAWLEY: And the geologist of the Commonwealth of Pennsylvania agreed that reserves "are ample for 150 to 160 years at recent average rates"?

BY COMMISSIONER McLURIN: You are just reading from another brief and we don't know the authority for that.

BY MR. FRAWLEY: But this at least is Mr. Mackenzie's authority. When this brief is put in we will ask Mr. Ernest for his authority.

BY COMMISSIONER MORRISON: In the meantime I would like Mr. Mackenzie to furnish his authority for that statement, quoting chapter and verse.

A All I can give you is the report of the United States Bureau of Mines.

BY MR. FRAWLEY: You can write us, and make it as specific as you can. I would like to interrupt and ask Mr. Aird just one question before I go on with another witness. We brought the question up yesterday as to whether or not the movement of U.K. anthracite came over by subsidy, either subsidy of the ocean carriage or subsidy of the export price, and have you learned something about that since?

MR. HARRY AIRD: Since the adjournment yesterday we have verified the fact that no subsidies have been paid either on the coal or freights moving into the Canadian market.

Q How did your people verify that?

A By telephone communication with Swansea, Wales.

Q Now there is another matter. There is a suggestion here that your people, the importers of U.K. anthracite, when you found some short supply of that product went into Westphalia, perhaps other parts of Europe, and got supplementary supplies. What are the facts about that, briefly?

A On occasions we have received Westphalian anthracite, in some cases provided by our suppliers, the Amalgamated Anthracite Collieries, when their available supply of buckwheat sizes was inadequate. We have also supplemented

on occasions such supplies by direct purchase. When I say "direct purchase" I should say from other than Amalgamated but not necessarily direct from Germany.

Q Now just see that I quite understand it. It would be quite contrary to the nature of your business that you should go into Pennsylvania to find anthracite to supplement a short supply of U.K. anthracite?

A The reason for obtaining Westphalian coal was because of its characteristics; that is, we were after low fusion coal.

Q You were after a coal that had generally the characteristics of the Swansea coal?

A Of the Swansea coal.

Q And you found that in Westphalia, and what other places did you have to go?

A I think in our case only in Westphalia. There has been low fusion coal come in from Belgian sources but we were not interested in that.

Q Were you responsible for bringing in the Russian anthracite?

A No. We have distributed some Russian anthracite, but not responsible for the importation of it.

Q I don't know if this would be a good place--I understand that that is the best anthracite that ever came into Canada. Would you agree with that?

A A matter of opinion. Russian anthracite is undoubtedly a high grade coal. It is somewhat harder than the Welsh, more slow burning, and perhaps under certain conditions not quite as acceptable as the British anthracite. When I say "British" I mean Welsh and Scotch.

Q Not quite as acceptable why?

A Well, because of its density and slow burning qualities it is a little more difficult to handle in say the early autumn and late spring, when firing conditions are a little more difficult in the matter of keeping a fire alive. There is a greater tendency for the fire to perhaps go out, but Russian

coal analyses will demonstrate it is high grade anthracite.

Q The fusion point of the ash, how does that compare with the U.K.?

A I can't answer that at the moment. I will let you know that.

Q Is it a clinkering coal or a fly ash?

A No, it has a higher fusion, but I would like to provide you with a correct answer to that question.

Q I think that those are the two things I wanted to ask you about.

BY COMMISSIONER McLURIN: Has it a higher B.T.U. than the other?

A No sir, not higher than Welsh or Scotch.

BY MR. FRAWLEY: You heard Mr. Mackenzie say that the U.K. coal burned to a clinker and his coal burned to a white, dry, fly ash. You agree with that?

A That's right.

Q And that has something to do with better consumer acceptance of U.K. coal in this area?

A Well, in relation to buckwheat size, yes, the consumer prefers a clinkering coal. In relation to domestic sizes I don't agree with Mr. Mackenzie because the popular acceptance of British anthracite in domestic sizes is largely based on the fuel value of the coal, its low ash and high B.T.U. value, and the fact that there is less labor required in the handling of a furnace with the British anthracite than there is with American anthracite.

BY COMMISSIONER MORRISON: Again a matter of opinion.

WILLIAM Q. STOBO. Examined by Mr. Frawley.

Q Now you are what in Quebec City for Import?

A I am the manager.

Q The manager at Quebec City and Quebec district for Canadian Import?

A Yes sir.

Q And you were asked to tell the story of the distribution of your coal in the Quebec area and you are here with a brief to tell that story?

Exhibit 191 - Brief on Importation and Distribution of Bituminous and Anthracite Coal in the City and District of Quebec

MR. STOBO: This brief is not perhaps as technical as some of the other briefs. I have tried to put down here the story of coal in Quebec. (Proceeds to read Exhibit 191):

In the pages that follow is a brief outline of conditions covering the marketing and distribution of bituminous and anthracite coal in the City and District of Quebec, for the years 1934 to 1939 inclusive.

BITUMINOUS COAL

Quebec, for the past 40 - 50 years, with the exception of during the Great War and the present conflict, has been essentially a Sydney coal market.

During the early days, sailing vessels brought out a small tonnage of British coal as ballast, but the bulk of Quebec's requirements was supplied from Cape Breton mines in cargoes of about 1,800 to 2,000 tons. The rate of discharge was slow, 200 tons per hold, or about 800 tons per working day being the ordinary despatch. Due to the small size of cargoes and light draft of vessels, several small wharves in the harbour were utilized, although the greater part of the tonnage was discharged on the wharves of the Harbour Commissioners' Louise Basin.

At that period, Sydney coal was supplied principally by the Dominion Coal Company and the General Mining Association (later Nova Scotia Steel & Coal). Small tonnage was also shipped in by Bras d'Or, Gowrie Blockhouse Collieries, and later by Port Hood and Inverness Collieries. Discharging was effected by means of shore donkey engines and yardarm and hand labour.

With the advent of larger vessels, changing trade conditions and the increasing demand for quicker discharging facilities, the old methods of discharge were discarded and replaced by permanent shore installations, first by the shear leg system,

followed by elevated cranes, and, finally, by the fast plant now operating on the Louise Basin, Quebec. All this had the effect of centralizing the handling of bituminous coal (mostly Sydney) through the docks where modern discharging facilities were available. The present plant operated by the St. Lawrence Stevedoring Company handles coal for the Dominion Coal Company, the Canadian Import Company, the general public and operates over dock frontage leased by the Dominion Coal Company, the Canadian Import Company and also frontage available when required by other dealers.

With improved discharging facilities and the disappearance of horse-drawn vehicles, the trucks which replaced horse-drawn vehicles made it necessary to provide mechanical loading, the cost and operation of which again tended to make centralization necessary for economical operation.

Quebec City and District have always been a Sydney market (except when this grade of coal was not obtainable by reason of war conditions) with the exception of a small tonnage of American coal imported for industry such as brick making which required a low sulphur coal.

Railways, pulp and paper mills, gas works and bunkers absorb the greater part of the tonnage. The consumption of bituminous coal in this district is falling off for the following reasons:

- (a) Many pulp and paper mills (in normal times) being converted in whole or in part to electrical power.
- (b) A large number of the factories in this City now operate on electrical power, using coal only for heating purposes.
- (c) A large number of Government vessels, dredges, etc., now using fuel oil instead of coal.
- (d) Many of the Government-owned buildings being converted from coal to oil.

BY THE CHAIRMAN: Was that during the war period?

A Most of the oil-burners came back to coal.

Q No, was this change from coal to other fuel, that was a pre-war thing?

A Pre-war. This covers up to 1939, sir. (Continues brief):

We give below a summary of the approximate distribution of water borne bituminous coal in Quebec City and District for years 1934 to 1939 inclusive.

Deliveries through Quebec - Dominion Coal Company

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
Railways	31,528	43,249	44,716	48,692	46,047	47,450
Quebec Power	20,217	19,743	20,310	20,715	22,624	15,115
Pulp & Paper Cos.	15,407	9,779	18,481	38,186	15,898	45,934
Dealers	<u>119,633</u>	<u>117,339</u>	<u>129,830</u>	<u>115,790</u>	<u>125,625</u>	<u>105,436</u>
	186,785	190,110	213,337	223,383	210,194	213,935

Through Levis

Can. Nat. Rlys.	<u>321,251</u>	<u>238,156</u>	<u>298,989</u>	<u>352,770</u>	<u>297,290</u>	<u>312,400</u>
<u>TOTAL SYDNEY</u>	508,036	428,266	512,326	576,153	507,484	526,335

British, American, Bras d'Or, etc. - through Quebec

Pulp & Paper Cos.	-	-	-	31,375	36,394	19,592
Anglo-Can. Pulp & Paper	32,900	-	19,900	80,000	-	22,100
Dealers	12,815	9,034	1,053	12,483	9,903	30,093

Through Levis

Dealers, say	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
<u>TOTAL AMERICAN and other grades</u>	48,715	12,034	23,953	126,858	49,297	74,785

Total all Tonnage	556,751	440,300	536,279	703,011	556,781	601,120
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Approximate Distribution of Bituminous Coal by Dealers in Quebec City and District (Included in foregoing)

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
Bunkers	37,800	40,280	40,300	37,600	31,600	34,120
Industries						
outside City	27,000	30,700	33,000	28,000	32,500	29,800
Industries						
in City	15,000	13,000	15,000	15,000	15,000	15,000
Apartments &c	5,000	5,000	5,000	5,000	5,000	5,000
Institutions	35,000	35,000	35,000	40,000	40,000	40,000
Government	6,000	6,000	6,000	6,000	6,000	6,000
Sundries	4,515	1,146	2,550	5,122	2,887	6,003
	<u>130,315</u>	<u>131,126</u>	<u>136,850</u>	<u>136,722</u>	<u>132,987</u>	<u>141,923</u>
Levis	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
	133,315	134,126	139,850	139,722	135,987	144,923

BITUMINOUS COAL IN SAGUENAY DISTRICT

In the Saguenay District, a certain tonnage of bituminous coal is handled through the ports of Port Alfred and Chicoutimi, although the majority of the paper mills and other industries use electric power, coal only being used when electricity is not available. Tonnage through Port Alfred is principally for one paper mill and the aluminum interests.

At Chicoutimi, tonnage is for the Canadian National Railways, and local requirements, and is as follows:

1934	23,259 tons
1935	16,925 "
1936	45,894 "
1937	59,071 "
1938	26,243 "
1939	48,919 "

AMERICAN BITUMINOUS COAL

Under normal conditions, the only American bituminous coal imported is for plants such as brick manufacturers, who require a low sulphur lump coal. We are satisfied that at equal prices, Sydney coal will continue to take care of this market, the quality being satisfactory to the great majority of users.

With the increasing demand for stoker and lump coal, screening facilities at point of discharging have been provided

to take care of changing conditions.

Whilst not being able to forecast the future, yet we venture to point out that when oil is available in greater quantity and the excessive over-abundance of developed water power in this district is placed on the open market, then a further serious curtailment in consumption of coal can be expected.

11.30 A.M. - COMMISSION ADJOURNED

AFTERNOON SESSION

The Commission resumed at the Old Court House on Tuesday afternoon, August 21st, 1945, at 2.35 P.M.

BY THE CHAIRMAN: I just wanted to say, not in the way of an apology at all but in the way more or less of explaining why we have been so late, gentlemen--I know you are all busy men--but we were on a tour of the docks and I hope that we got a lot of information there that may stand us in good stead in days, if not years, to come.

MR. STOBO continues brief:

ANTHRACITE

Up to the year 1922, Quebec was essentially an American anthracite market, only domestic sizes being used. It is true that an occasional small quantity of Welsh anthracite coal, brought out as ballast, came into the market, but the general public did not take readily to this class of fuel at that time, and its importation was very limited, not more than a few hundred tons at widely separated intervals. American anthracite was imported in the early days by means of small canal boats about 140 tons capacity, which capacity was increased to about 200 tons with the deepening of the New York and Champlain canals. These Canal boats were loaded in New York and various points on the Hudson River and also at Whitehall on Lake Champlain. Canal barges, lying aground at outside wharves, were unloaded by means of horse and derrick. The coal for the whole year was brought

in and delivered during the summer months, very little coal, if any, being brought in by rail, winter deliveries to consumers being negligible. From 1910 to 1915 saw the first importation in larger barges of about 1000 ton capacity which were towed down the St. Lawrence to Quebec and other ports. These barges, of course, required a deep water berth and faster means of discharge. From 1915 to 1922, the movement of anthracite via Lake Ontario ports increased, tow barges giving place to steamers carrying 1500 to 1800 tons. Towards the close of and after the end of the Great War, the small canal barge trade fell off, principally by reason of there being no profitable return cargoes. Delivery by rail was more costly and inconvenient as few of the then existing ports had any track connections.

BY MR. FRAWLEY: You say at the top of the page that the public did not take readily to this Welsh anthracite when it first came out. Why was that?

MR. STOBO: They didn't know anything about it, sir. They were afraid it would burn the grates, that was really the thought at the time, on account of its intense heat. (Continues brief):

It was about this time that many of the smaller dealers found it more profitable to purchase their requirements from dealers having deep water wharves capable of handling the larger cargoes. In 1921 or 1922, Welsh anthracite coal first made its appearance in quantity in the Quebec market. This was due not only to the desire of the Welsh mine owners to find a greater outlet for the coal, but also to the anxiety of the general public (having gone through a period of shortage due to strikes at the American mines) to have more than one source of supply. Welsh semi-anthracite was first imported, but this soon gave place to genuine anthracite domestic sizes. The importation of Welsh anthracite necessitated the providing of proper screening and sizing facilities, this grade of coal soon becoming a popular fuel.

With the advent of the blower system using buckwheat sized coal, it was not long before the demand for this class of coal became very popular, both by reason of its lower cost and the ease with which the ordinary household furnace could be operated. During the last year of the period covered by this brief, the Quebec market absorbed about the following tonnage:

16% Welsh Domestic

18% American Domestic

63% Welsh Buckwheat

3% Coke produced by Quebec Power Co.

BY MR. FRAWLEY: Which came first, the blower system or the buckwheat sized coal?

A They developed together, sir.

Q You say that "with the advent of the blower system using buckwheat sized coal"?

A Well, I can't answer you exactly. They just seemed to come up all at once.

Q Was that promoted by the dealers like yourself?

A Oh, I think it would be at that time, yes sir, because the Welsh mines wanted an outlet for their smaller sizes. They were really a burden on the market at that time. (Continues brief):

In 1939, American anthracite rail freight rate from the American mines to Quebec was \$4.11. The combined rail and water freights from mines via Lake Ontario to Quebec was \$3.49, and the combined rail and water freight from mines via Philadelphia and sea to Quebec was \$3.22, all per net ton. The amount of tonnage available by sea is small and only available spasmodically. Water borne coal has the disadvantage, however, of having considerable more degradation than rail coal, somewhat offsetting the lower cost, but in normal times, it enables the dealer with the necessary finances and storage accommodation to stock up in the early months of the year when coal is generally in plentiful supply, thus assuring himself of an adequate supply.

Any dealer, however, can at all times import his own requirements by rail, but in the majority of cases, dealers prefer to take their requirements when and as required from a central yard.

At present, very little, if any, Welsh anthracite is available, either in domestic or buckwheat sizes, the public being served with American anthracite.

It is a source of considerable satisfaction to the Quebec dealers that they can look back over a long period of years during which, in spite of strikes and war periods, they have always been able to take care of the requirements of their customers.

As far as the future is concerned, the source of supply of anthracite to this market will depend largely upon the tonnage of Welsh anthracite available and the ability of the Welsh producers to lay same down here at prices that can compete with the American product. Coke is making some progress, and oil, when burners are available, will also reduce to some extent the natural expansion of anthracite consumption. It would seem, however, that the use of fuel other than anthracite has, during the period under review, not materially decreased the tonnage, but rather only taken up what would have been the natural increase in tonnage due to the expanding population. Below is a summary showing the approximate distribution of anthracite in Quebec, during the period under review.

Approximate Distribution of Welsh and American Anthracite
in Quebec District

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
<u>ANTHRACITE</u>						
American	30,180	30,192	32,746	28,649	31,663	30,776
Welsh	27,185	25,398	21,329	24,165	22,841	21,557
<u>BUCKWHEATS</u>						
American	153	337	54	75	73	4,895
Welsh	106,208	109,208	122,758	132,569	109,787	102,792
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	163,726	165,135	176,887	185,458	164,364	160,020

Increased tonnage in 1936-37 was due to purchase of Welsh Grains by an industrial concern.

DOCK AND DISCHARGING FACILITIES

The writer's connection with the coal trade in Quebec City dates from 1896, and hence he has seen the development of the port, the trade in general, and especially the coal trade. The following is a brief history of the coal handling facilities from 1896 to date.

Discharging during the early period was effected by the horse and derrick method, and also by means of shore donkey engines, yard arm and hand labour. The rigging and unrigging of discharging gear taking from five to six hours, the rate of discharge was slow, no work being done on rainy days or at night.

With the advent of larger vessels, provision for further discharging facilities was necessary, and the shear leg system was introduced. These were located in a permanent position, one on the Louise Basin and the other on Princess Pier, Levis, where it was utilized for discharging of railway coal. This system did away with the time lost rigging and unrigging and enabled vessels to work in rainy weather and at night.

With the advent of still larger vessels and improved discharging methods, and in addition the change of market conditions, the small docks, the capacity of which was perhaps 1,500 to 1,800 tons per year and were largely used for supplying bunker coal to river tugs, etc., gradually disappeared, it being more economical to take delivery of coal from the Louise Basin docks. The discharging rate by the shear leg system over a year or two was found not to be capable of handling the still increasing size of cargoes and the greater despatch demanded. This system was discontinued, and locomotive cranes elevated on trestles were utilized both at Quebec and Levis.

A year or two later, the Dominion Coal Company operated a storage bin and two coal discharging towers, this being a further improvement on existing facilities.

In 1908, three Fast Plant discharging towers were built on Louise docks, these towers having each a capacity of about 200 to 250 tons per hour, and being capable of handling a 10,000 ton vessel, in twenty working hours. These towers are capable of discharging coal direct from vessel into cars or onto dock, and also of reclaiming coal from dock and loading same direct into cars or vessels.

In 1920, the Anglo-Canadian Pulp and Paper constructed their mill on the north side of the River St. Charles, with a deep water dock, equipped with an unloading bridge which takes care of their own coal requirements.

For many years, the Canadian National Railways have operated a discharging plant at Levis, which, in normal times, takes care of their coal requirements for this district.

BY THE CHAIRMAN: Who financed this equipment?

A You mean at Quebec?

Q At Quebec.

A St. Lawrence Stevedoring, which is our company, on the Louise Basin.

Q Well, all along?

A Right along, with the exception of the coal towers at Levis. Now we have initiated that business, and even at the time of swinging it that was our business.

Q Has the Harbour Commission any jurisdiction over this? They supply the space?

A Yes, and they supply the cranes. They have the cranes available but they are kind of obsolete. Levis of course is purely a railroad proposition.

Q What I was getting at was this: does the Harbour Commission supply any facilities for handling coal, or have they built any?

A No, they have never built any. It has been private initiative since the inception. (Continues brief):

Shortly after the erection of this modern Fast Plant with a superior rate of discharge and its flexibility to handle all grades of coal, the Dominion Coal Company contracted with the Fast Plant to discharge all their tonnage. Even the combined tonnage of the Dominion Coal Company and the Nova Scotia Steel & Coal Company imports and the Canadian Import Company Limited was not sufficient to supply the full capacity of the new plant, which was greater than required, but necessary in order to give vessels the despatch in discharging demanded. This plant was made available to the public for the discharge of all classes of bulk cargoes, including coal for the dealers and industries, and other commodities, such as sulphur, lead, zinc and gold concentrates.

This Fast Plant is operated on Louise Basin over a 1,400 ft. front, 600 ft. of which is under lease to the Canadian Import Company Limited, 600 ft. to the Dominion Coal Company, and 200 ft. leased to local dealers. The services of this plant are made available to any dealers or importers of coal or other bulk commodities at discharging rates as low as, and in many cases lower, than those in effect at St. Lawrence and Atlantic ports. By reason of the dock frontage, the storage capacity is limited, it being necessary to move, by truck or other means, a considerable tonnage for storage in other locations.

In addition to coal, a considerable tonnage of lead, zinc and gold concentrates, salt cake etc. and also ballast on transocean vessels is discharged. As already stated, these discharging facilities are available to any one requiring the handling of bulk tonnage. The following is the tonnage handled through coal towers from 1934 to 1939 inclusive:

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
Sydney coal	224,231	191,477	211,455	216,510	224,896	215,213
Other						
Bituminous	8,898	13,420	1,745	56,179	6,656	48,105
Anthracite						
All grades	<u>123,195</u>	<u>127,850</u>	<u>141,138</u>	<u>146,418</u>	<u>132,027</u>	<u>109,603</u>
	357,084	332,747	354,337	419,107	363,579	372,921
Sulphur	17,423	13,109	23,208	27,254	11,175	21,863
Concentrates	<u>17,048</u>	<u>33,517</u>	<u>86,149</u>	<u>49,752</u>	<u>12,279</u>	<u>35,429</u>
etc.						
	391,555	379,373	463,694	496,113	392,034	430,211

DELIVERIES

Up to the closing years of the Great War, coal was delivered in the city by means of horse drawn vehicles of about one ton capacity, the drivers of these loading same themselves by shovel, practically no wharf labour being required. With the advent of trucks, however, it was necessary to provide loading facilities and increased wharf labour for each grade of coal handled, thus increasing handling cost and the necessity of centralizing deliveries to minimize cost as much as possible. In addition to the East Plant for discharge, it was necessary to provide locomotive cranes for loading and storing coal, a screening house for sizing and preparation, Barber-Greene and other conveyors for the loading of trucks up to ten ton capacity, this equipment requiring a heavy tonnage to keep down handling costs and emphasizing the necessity of centralizing tonnage if quick discharge of vessels and loading facilities for delivery trucks are to be available.

The operation of a modern coal dock and yard requires:

- (a) Facilities for quick discharging and loading;
- (b) Facilities for screening and sizing coal;
- (c) Facilities for loading trucks, cars and barges;
- (d) Last and more important, sufficient tonnage to warrant the providing of these facilities, to enable the plant to operate on an economical basis.

The construction of a modern plant cannot always wait until sufficient tonnage is available, but rather the plant must

be built first and then, by reason of its varied facilities and advantageous handling costs, attract tonnage to it. The fact that Quebec City has only one modern plant for a population of 150,000 to 160,000 compares favorably with Montreal, which, with over a million population and far greater industrial tonnage, operates only five modern permanent docks and coal handling plants.

The variety of grades of coal to be handled and the small tonnage of each grade required by each dealer make it impossible for him either to import in small quantities or to provide the necessary storage and handling facilities.

The modern coal dock enables the dealer to purchase the various grades of coal at lower costs than he can buy, handle, store and finance same, were his requirements sufficiently large to warrant his doing so. It relieves him of large capital expenditures, and interest charges, putting him in a position to know exactly what his costs are. In normal times, any responsible dealer can buy from the central coal dock, any grade of coal in any reasonable quantity without the necessity of making a hard and fast contract, in other words, he is not required to state in advance, and be required to take, a stipulated tonnage. Experience has shown that no responsible dealer has at any time been unable to obtain whatever grade of coal and the tonnage of same he required to supply his trade. The fact that while American anthracite coal is at present only obtainable by rail, and that any dealer may so obtain same in this way, the great majority of dealers find it more economical to take their coal from the central plant where it is properly screened and loaded into their trucks as required.

There are about thirty retail dealers in Quebec City and District, and in addition a number of small dealers or pedlars who purchase their requirements from a regular dealer. To illustrate the variety of grades of coal and in many cases the small tonnage required by each individual dealer, below is a summary of deliveries month by month.



(a) A representative large dealer handling:

6,148 tons Anthracite

1,891 " Bituminous

8,039 tons

(b) A representative medium dealer handling:

4,043 tons Anthracite

1,875 tons Bituminous

5,918 tons

(c) A representative medium dealer handling:

2,611 tons Anthracite

2,831 " Bituminous

5,442 tons

W.

-3371-

DEALER "A"ANTHRACITE - 1939

	<u>Ell</u>	<u>Stove</u>	<u>Nut</u>	<u>Cobbles</u>	<u>Stove</u>	<u>Nut</u>	<u>Beans</u>	<u>Buck.1</u>	<u>Coke</u>
January	7	97	11	5	46	1	-	251	-
February	13	110	14	7	26	1	-	334	-
March	10	102	17	4	27	3	-	307	-
April	3	28	19	-	14	1	1	185	-
May	2	45	15	22	29	2	-	185	2
June	9	48	20	75	16	2	-	394	3
July	5	65	6	6	25	102	-	215	12
August	-	9	5	9	7	-	-	20	3
September	13	39	39	46	61	7	-	472	2
October	21	182	46	20	76	1	-	1044	21
November	24	161	12	8	12	3	-	319	7
December	<u>17</u>	<u>110</u>	<u>12</u>	<u>3</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>332</u>	<u>7</u>
	124	996	216	205	368	123	1	4058	57

- - - - - TOTAL 6,148 TONS.

BITUMINOUS - 1939

	<u>Screened</u>	<u>R/M</u>	<u>Slack</u>	<u>Stoker</u>	<u>B/Smith</u>	<u>Sundries</u>
January	-	44	36	19	5	22
February	5	30	22	60	2	16
March	-	22	10	93	3	9
April	8	26	7	24	1	9
May	23	1	1	15	-	-
June	34	-	87	5	3	-
July	26	6	56	5	1	-
August	24	-	195	5	4	-
September	19	-	70	11	2	-
October	17	6	214	1	6	1
November	29	6	116	25	2	7
December	<u>185</u>	<u>4</u>	<u>186</u>	<u>9</u>	<u>2</u>	<u>9</u>
	370	145	1000	272	31	73

Total 1,891 tons.

W.

-3372-

DEALER "B"ANTHRACITE - 1939

	<u>Egg</u>	<u>Stove</u>	<u>Nut</u>	<u>Cobbles</u>	<u>Stove</u>	<u>Nut</u>	<u>Beans</u>	<u>Buckwheat</u>
January	-	17	1	5	8	-	104	78
February	4	21	4	-	4	-	-	68
March	45	22	4	-	7	1	-	154
April	-	7	14	1	4	-	-	119
May	-	-	-	68	19	-	-	135
June	18	37	18	68	14	1	-	473
July	2	56	36	2	22	1	-	403
August	-	50	25	10	47	11	-	527
September	-	103	25	39	53	2	-	609
October	22	45	26	-	12	-	-	146
November	1	16	4	-	2	1	-	80
December	-	14	4	-	5	-	-	99
	92	388	161	193	197	17	104	2891

TOTAL 4,043 tons

BITUMINOUS - 1939

	<u>Screened</u>	<u>R/M</u>	<u>Slack</u>	<u>Stoker</u>
January	138	46	95	-
February	83	47	59	-
March	245	32	142	-
April	-	1	21	2
May	817	-	18	-
June	-	-	25	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	104	-	-	-
	1387	126	360	2

TOTAL 1,875 tons.

W.

-3373-

DEALER "C"ANTHRACITE - 1939

	<u>Egg</u>	<u>Stove</u>	<u>Nut</u>	<u>Cobbles</u>	<u>Stove</u>	<u>Nut</u>	<u>Buckwheat l.</u>
January	5	41	4	-	1	3	68
February	5	39	9	-	2	-	92
March	4	32	3	1	5	-	87
April	3	6	5	1	3	-	62
May	-	2	8	-	6	-	197
June	8	23	15	-	8	-	164
July	-	50	8	-	8	-	198
August	23	77	15	4	39	4	287
September	6	136	10	7	28	-	377
October	2	63	4	2	15	-	144
November	3	38	17	3	2	-	43
December	<u>11</u>	<u>33</u>	<u>3</u>	<u>1</u>	<u>6</u>	<u>-</u>	<u>32</u>
	70	540	101	19	123	7	1751

TOTAL 2,611 tons.

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BITUMINOUS - 1939

	<u>Screened</u>	<u>R/M</u>	<u>Slack</u>	<u>Stoker</u>	<u>Sundries</u>
January	64	78	59	47	2
February	47	74	58	28	3
March	78	94	70	21	1
April	31	144	4	20	2
May	104	76	36	-	-
June	38	31	23	-	-
July	78	106	24	-	-
August	42	50	32	52	-
September	80	70	24	124	-
October	185	60	29	45	-
November	176	82	37	92	-
December	<u>91</u>	<u>77</u>	<u>42</u>	<u>-</u>	<u>-</u>
	1014	942	438	429	8

TOTAL 2,831 tons.

In the foregoing we have tried to show clearly the conditions covering the handling and marketing of all grades of coal in the Quebec City and District, and express the hope that it may prove of some value to your Commission.

THE CANADIAN IMPORT COMPANY LIMITED

Per W. Q. Stobo

EXAMINED By Mr. Frawley.

Q Now, Mr. Stobo, you sell United States anthracite as well as U.K. anthracite?

A Yes sir.

Q Do you specialize in the one as against the other?

A No, we do not. We give whatever the dealer or the public ask for.

Q Where is the volume, in U.K. or United States, as far as you are concerned?

A The volume in domestic sizes is in American; the volume in buckwheat sizes is in British anthracite.

Q And then you also sell bituminous coal?

A Yes sir.

Q Do you find any conflict in your business in well sized, well treated, oiled stoker coal as against anthracite?

A Stoker coal is coming in in fairly large volume.

Q You are the big importer in the Quebec area?

A Yes.

Q Now will you agree with me on this, that the competition anthracite has to face is this kind of coal I am talking about, well sized, well treated, good quality bituminous coal?

A Yes, in stokers.

Q That is the competition that is coming?

A That and oil and after that electricity.

Q What are you going to do in the future? Are you going to try to sell this bituminous coal or are you going to try and keep alive and healthy and vigorous the sale of anthracite coal?

A Our policy would be to give the public what they demand.

- Q Well, sometimes you know the supplier is responsible in large part for the demand.
- A Well, I think the stoker equipment people are very active.
- Q You say you get coal up there from Nova Scotia without any subvention?
- A Well, we have nothing to do with subventions.
- Q No, but it is water-borne coal?
- A Oh, in normal times, yes.
- Q So you are in the happy position you haven't got to go with your hand out to the Dominion treasury to deliver your coal on your dock?
- A Well, we buy coal from the Dominion Coal Company.
- Q I am talking about Sydney coal delivered on your dock without subvention.
- A In normal times, no subvention.
- Q Don't you think it would be excellent business to push and drum the sale of this kind of coal, that you agree with me ought to become competition for anthracite?
- A Well, to some extent we are doing it. Where five years ago we sold a few hundred tons of stoker coal we are selling 25,000 to 30,000 tons today.
- Q Is that the public demanding, or are you assisting?
- A I would say in some of the larger installations, and particularly where we come up against oil installations we would certainly advocate stoker coal.
- Q Why not take the same attitude for anthracite?
- A Well, that very largely rests with the customer.
- Q Now these big institutions of which you have quite a lot in the Quebec area, do they burn anthracite, oil or bituminous stoker coal?
- A I would say 95 per cent burn Sydney slack coal.
- Q Hand fired or stoker?
- A Mostly stokers.
- Q Now does the Dominion Coal Company have a dock in Quebec?

A Yes sir.

Q Who operates it?

A We do.

Q Why do you operate it?

A We have discharging facilities. Our facilities are such they can be moved along the dock face at 200 feet and they move from one dock to the other.

Q Dosco has a dock and no facilities, is that the point?

A They have no discharging facilities except a discharging contract with us.

Q They have the dock but no physical facilities for discharging their cargoes?

A Yes. They are provided by the St. Lawrence Stevedoring Company.

Q Dosco owns a dock which they lease from the Harbour Commission but they have no facilities for discharging cargo?

A That's right.

Q So they rent facilities?

A That's right.

Q That has continued from the beginning?

A Even when it was thrown up by the old yard arm.

Q Dosco never had any facilities?

A Oh yes, I say so there. At one time they had two yard arms.

Q I am not being too critical. That is your business. You contract your facilities out to Dosco?

A That's right.

Q What are your unloading costs? You refer to them on page 11 as being as low as, and in many cases lower, than those in effect at St. Lawrence and Atlantic ports.

A You mean what would I charge you for discharging a cargo?

Q Yes.

A 40 cents a ton.

Q Are there any other rates?

A That is what we would call the current rate.

Q Now you have some others that you would charge a lower rate?

A No, not necessarily.

Q But you have such things as discounts off that or special rates?

A No, I wouldn't say so, except in one instance.

Q What is the one instance? In other words you don't charge Dosco 40 cents?

A No.

Q What do you charge Dosco?

A Well, now . . .

Q You would like to submit that confidentially to the Commission?

A Yes, I would think so, yes.

Q So you just have two rates then, 40 cents and the Dosco rate?

A That's right.

Q That is you say everybody else pays 40 cents and you say that is just as low as any other rates at Atlantic ports?

A I think it is lower. To some extent the Harbour Commission have jurisdiction over our rates.

Q Well, do they fix them?

A No, but I think we have undertaken to discharge anybody's coal at as low as or lower than any St. Lawrence port. That is really a gentleman's agreement. I think it was in writing at one time or other some years ago.

BY COMMISSIONER MORRISON: Do you find this business a profitable one?

A Well, more or less.

BY THE CHAIRMAN: He wouldn't be in it if he didn't.

A It has grown up over a long period of years. It has grown up gradually and we try to keep ahead of the times.

BY THE CHAIRMAN: Thank you, Mr. Stobo.

M. F. DEVONPORT. Examined by Mr. Frawley.

Q Mr. Devonport, you are the treasurer of the Boon Strachan Coal Company Limited?

A Yes sir.

Q And you are engaged in wholesale, or wholesale and retail?

A Wholesale only.

Q Of anthracite and bituminous coal in the Montreal area?

A That's right.

Q And you have this brief which we will mark Exhibit 192, and will you just proceed to put it in the record, Mr. Devonport?

Exhibit 192 - Brief submitted by Boon-Strachan
Coal Co. Limited

MR. DEVONPORT proceeds to read Exhibit 192:

We present for the consideration of the Commission this memorandum concerning the fuel supply of the Provinces of Ontario and Quebec, with the view of emphasizing the importance of maintaining a system of distribution that will ensure supplies at all times at the lowest possible cost to the consumers and taxpayers, without Governmental intervention in normal times and with a minimum of Governmental control in times of stress.

We submit that the wholesaler who is primarily a distributor of American bituminous coal must be encouraged to remain as a factor in the distribution of all solid fuels in Canada; and that as to Quebec and Ontario, the wholesaler can only remain in business if no further restrictions are placed on imports of American bituminous coals, whether by way of import duties, excise taxes, or any Governmental action designed to increase consumption of Canadian coals in this area at the expense of American coals.

Any considerable decrease in imports of American bituminous coal below the 1939 level will tend to force the Canadian wholesale dealers in such coal out of business. It is obvious that a wholesale business cannot operate on a small turnover, and the coal business is no exception. This is so self-evident as to need no elaboration; the question remains whether the existence of the wholesaler is beneficial or otherwise to the Canadian public.

BY COMMISSIONER MORRISON: Of course your answer to that question is a very simple one?

MR. DEVONPORT: Yes, he is beneficial. That is what I am endeavoring to say in this memorandum. (Continues brief):

One aspect of the importance of maintaining the whole-sale bituminous importer in the market is shown by the fact that through such wholesalers, Canadian retailers have obtained and are obtaining American anthracite from American "Independent" producers. But for the intervention of the Canadian wholesaler, most of this coal would not have been shipped by the American producers to Canadian retail dealers, for various reasons. It can be said that such "Independent" producers are generally reluctant to open accounts with a large number of Canadian buyers, preferring to deal with a wholesaler, because, among other reasons:-

BY COMMISSIONER MORRISON: At that point, would you care to file with the Commission at a later date a list of these producers that you have referred to as "Independent" producers? Who are they?

MR. DEVONPORT: I can't tell you who they all are. I can tell you those we have dealt with ourselves. There are a very large number. I will give Mr. Frawley a list. (Continues brief):

- (a) credit investigation is not always easy, particularly with small dealers, and where religious institutions are concerned no information is readily available as to their paying habits.
- (b) Wholesalers pay certain charges direct to the American railroads, which the producer would have to pay himself on shipments to Canadian retailers. He would be reimbursed, but outlay of money and book-keeping is involved.
- (c) he looks to the wholesaler to take off his hands the steam sizes of anthracite produced in screening the domestic sizes. Few retailers handle much tonnage of steam sizes, and the majority none at all.
- (d) office work is greatly reduced when he deals with wholesalers, not only in bookkeeping but in other details as well.
- (e) financing is easier, he is sure of payment in fifteen days from the day he ships the coal.
- (f) in the Province of Quebec, there are buyers who cannot correspond in the English language - it would be difficult to do business with these customers.

At the same time, many Canadian dealers do not know of a reliable "independent" source of supply in the United States, but generally speaking can be sure of satisfactory service from every point of view from their Canadian wholesaler; and, if one does not satisfy him he can easily find others eager to serve him. Consequently, the existence of the bituminous wholesaler creates alternative sources of supply for the consumer of anthracite coal, and the importance of this cannot be minimized.

Turning to consideration of bituminous coals, it is well known that Canadian coal does not suit certain industries and processes. While large buyers of such coals may be able to make their purchases in the United States, the small buyer will often meet with difficulties, and another handicap is imposed on him in his competition with the large industry.

To illustrate one of the possibilities, he might find it difficult to get the size of coal he needs when he needs it. Steam coal, like anthracite, is prepared in many sizes; coals from different seams have different chemical analyses and burning qualities, and the coal that is ideal for one plant may be useless for another. The function of the wholesaler is to know where he can secure the right coal for the buyer, to be able to secure it when required, to ship it by the most economical route, and to do what may be loosely described as a lot of paper work to deliver it to the consumer's plant. If a mine is closed, temporarily or permanently, for any of a dozen reasons, he knows where he can get another coal that will be equally satisfactory to the consumer. He also, by reason of being in the market continuously for every kind and size of coal, can secure shipments of special size coal from mines that would not accept an order direct from the consumer for the same coal, because the wholesaler can dispose of the other sizes that are necessarily produced in screening the particular size required.

It can be said without fear of successful contradiction that the wholesaler of American bituminous coal fills a very

important part in the distribution of solid fuels in Canada. He exists because he performs a service for the consumer more efficiently and at less cost than the majority of consumers could perform such services for themselves. Further, he provides for the consumer a highly competitive market at all times, even as much today when supplies are scarce as when supplies are abundant.

The foregoing statements show that the Canadian wholesaler of American bituminous coals performs an important and beneficial service to the Canadian public. His existence is prima facie proof of this fact, because no manner of regulation, restraint, combination nor collusion has ever prevented the Canadian buyer from buying directly from producers in the United States.

BY THE CHAIRMAN: You mean that nothing has been done yet, you say, to prevent Canadian buyers from buying directly from producers in the United States?

A No.

Q But you are fearful of what might happen in the future? Is that why you suggest that no further restrictions be put on?

A No. I am merely pointing out that the great majority of Canadian buyers buy it through a wholesaler because of the service he performs for them. They might possibly save 10 cents a ton by going and finding a producer in the United States, and there is nothing to prevent them from doing so.

Q I will just refer to whatever it is there, that you don't want any further restrictions on bituminous coal coming into this country?

A Exactly.

Q By restrictions just what do you mean? First of all, tariffs, I suppose?

A I was speaking of excise taxes, tariff duties and what-have-you.

Q And railway subventions?

A That would restrict the movement of American coal into Ontario and Quebec.

Q Up to date have those, what you call restrictions on importation of American coal interfered to any extent with your business?

A It has, yes, to some extent.

Q Would you be in a position to give us some accurate figures on that, take from 1932 down to 1939?

A I can't give you anything off-hand. That is a matter that the sales department would have records, if any, on that.

Q I suppose that is about the only way the picture could be shown, by showing your sales from 1932 to 1939?

A Well, not in the matter of volume. We would have to quote specific instances of cases where Nova Scotia coal is consumed in the Ontario market where it would not be able to compete with the American coal but for the existence of the subvention. Q That is what I mean. Your area is not confined to Montreal and Quebec?

A No, our area is not confined to the city of Montreal.

Q You go into Ontario?

A Yes.

BY COMMISSIONER MORRISON: The larger the volume of business the better service you are able to give your customers?

A Why, certainly.

Q And the less overhead?

A That's right, sir.

Q So that unless you had a large volume of business you are actually forced out of business?

A Exactly.

Q So you think it is in the interests of the coal trade that a wholesaler should have a large volume of business in order to give that kind of service that you have been talking about to his customers?

A Exactly.

Q. Following that one step further, what would your reaction be to a central selling agency, say in Montreal, to deal with this business that you handle, all the business, and thereby ---

BY COMMISSIONER McLAURIN: It would have to be a central buying agency.

BY COMMISSIONER MORRISON: Yes, in order to give that good service you are talking about. What would your reaction be to setting up a central selling or buying agency?

A. I would be against it. I would not be in favour of it at all. You are getting something like a monopoly if you have one selling agency or buying agency.

Q. Oh well, there are laws in Canada to take care of violations like that.

A. I have heard of them, but everyone knows that monopolies tend to get out of hand and every once in a while the Government has to make an investigation and find out what the monopoly has done since the last investigation, and no amount of Government investigation takes the place of competition.

Q. I am merely taking you at your own word. You say you must have a large volume of business.

A. I would say that volume is necessary, but I would also say that anything like a monopoly is a bad thing.

Q. How about a co-operative group? You and Mr. Aird and all these other fellows set up a co-operative group in order that you get that volume to give that service?

A. If it comes under one control I am not in favour of it; under the control of one individual or one group of individuals.

Q. No, but co-operation for the public good?

A. I don't think it is necessary to concentrate the whole of the bituminous business in Quebec and Ontario into the one set of hands in order to get sufficient volume.

A. But if that set of hands were the number of people that are now interested in the business, I mean a co-operative group set up voluntarily by yourselves, you would surely have the

same principles that you have had in business under their respective names, setting up a board and giving proper direction to a show of that kind, the same interest that moves in your own business would motivate you in a show of that kind, inasmuch as it was for the public good?

- A I would have to see the by-laws of that co-operative organization before I ventured any opinion on it.

EXAMINED BY Mr. Frawley.

- Q Mr. Devonport, going back to this paragraph: "His existence" (that is of the Canadian wholesaler) is prima facie proof of this fact, because no manner of regulation, restraint, combination nor collusion has ever prevented the Canadian buyer from buying directly from producers in the United States." Is there implicit in that statement that there has been some regulation, restraint, combination and collusion?
- A No. This was merely an argument to point the fact that there has been nothing to prevent any Canadian buyer from going directly to the United States. Nevertheless in spite of that fact Canadian buyers by the hundreds of thousands continue to buy their American coal from Canadian wholesalers and that proves, I think, that we are performing a service to them that is worthwhile. It is cheaper for them and more satisfactory for them to buy from the Canadian wholesaler than to seek out sources of their own in the United States.
- Q Of course that is just the function of the wholesaler all over Canada, whether it is groceries or coal?
- A That is very true, but retailers in many cases cannot buy from the producer because the producer will not sell to them. That is not true in the bituminous coal trade.
- Q Can a Montreal retailer go and buy at one of the American bituminous mines?
- A At thousands of them.
- Q And thousands of them do?

- A. They don't do it because they find it better to go to the wholesaler.
- Q. They can't improve their price position by going to the mine?
- A. They might, by a small matter of 10 cents a ton or something of that sort, but they would be put to so much more trouble in connection with that purchase that they find it better to buy through a wholesaler.
- Q. You say their net position would not be improved?
- A. Yes.
- Q. So they use the wholesaler?
- A. Exactly.
- Q. Well, that seems common sense.

MR. DEVONPORT continues brief:

If the market for wholesalers of American bituminous coal is seriously impaired, they will eventually either have to cease business or secure an increased margin of profit on the American coal that consumers, for technical reasons, are forced to buy. Anything that tends to eliminate the wholesaler will inevitably increase the cost of fuel to industry, to retail dealers, and of course to the general public. If the function of the wholesaler is important in normal times, it is doubly so in times of stress and shortages: he is the buffer and the go-between; he has the trained and experienced staff to handle procurement, distribution, traffic and financing problems. In considering Canada's fuel economy this is a point that should by no means be overlooked.

The next question we deal with is whether it is in the national interest to continue to purchase from the United States a proportion of Canada's fuel requirements equal to the proportion secured from that source in pre-war years.

There are certain salient facts to consider:

BY MR. FRAWLEY: Mr. Devonport, do you want that previous sentence to be struck out?

MR. DEVONPORT: Deleted, yes, I think so.

BY THE CHAIRMAN: Just a moment. I want to know, if it is here, why you want it struck out. I would like to see that in there. If he is making a considered statement, why not leave it in? I expected to see a lot of that in the briefs we got here and if it is his considered opinion. . . . That is your considered opinion now, is it?

MR. DEVONPORT: That is my considered opinion.

BY THE CHAIRMAN: Well, why do you want to withdraw it?

MR. DEVONPORT: It is a debatable point. I don't want to precipitate . . .

BY THE CHAIRMAN: That is what you are here for, to give us your opinion.

MR. DEVONPORT: Very well. Here is the sentence that I omitted:

Here one cannot be dogmatic, but those, in the Maritimes or elsewhere, who consider that a country should be sufficient unto itself, cannot have learned the lessons of the last six years.

There are certain salient facts to consider:

(1) The natural source of supply of solid fuels for Ontario, at least, is located in the Eastern United States, Pennsylvania, West Virginia, Ohio, and contiguous states. Coals of every variety in every size are produced there, shipments of special fuels prepared to order for every possible requirement can be made as and when wanted. The organization for delivering these fuels to the consumer is as near perfection as the competitive efforts of thousands of experienced men over a period of many years have been able to make it.

(2) Any further extension of the market already artificially created for Canadian coal in Eastern Canada, at the expense of the taxpayer, will encourage demands by other pressure groups for Governmental assistance. It can be argued that any request for assistance to any industry that has been in existence long enough to stand on its own feet should be rejected. Otherwise, if the principle be adopted that the taxpayer must support

industries that are not self-supporting, we are going to penalize the efficient and encourage the inefficient. This surely is not conducive to the prosperity of Canada as a whole.

(3) If there were any suggestion that further support, (beyond that now given) to the Canadian coal industry is necessary for the national security, all else might be disregarded. But the record shows that always, when the need has arisen during times of stress, when supplies of Canadian coal have been diminished for any reason, we have obtained through the usual channels of trade all the additional coal we needed from the United States. For instance, during a two or three-year period after the Great War 1914-1918, we understand that no Canadian coal was brought up the St. Lawrence to Montreal, also, for the last three years the production of Canadian coal has not been sufficient to take care of the requirements of Quebec and Ontario, and each time American coal has kept us going. When any difficulty occurs in securing Canadian coal in Central Canada, due to stoppage at the mines, strikes, disaster, transportation difficulties, or any reason, Canada must go to the United States for supplies. British coal is too far away to be depended upon for emergencies. It is surely not good policy to restrict trade unreasonably with a neighbour who has shared his supplies with us when short himself: as at the present time when the United States producers, with the approval of the United States Government, are shipping to Canadian consumers exactly the same proportion of their production as American consumers are getting. Their policy in these difficult times is share and share alike, and to discourage by Governmental action the purchase of fuel from such a neighbour cannot in the long run be profitable. If, coincidental with any future shortage in Canada, there is also a shortage in the United States, what consideration would we have a right to expect? And if the machinery of distribution in Canada has been impaired or wrecked, what troubles would be encountered in setting up a new system?

(4) There are thousands of coal mining companies in the Eastern United States, competing with one another so vigorously that minimum prices for coal were fixed by the American Government in 1940. The immense areas of undeveloped coal lands, easily accessible and already traversed by railroads and highways, make anything like a monopolistic control of American coal a virtual impossibility. On the other hand, the production of the greatest part of Maritime coal is in the hands of one Company. Whether this is a healthy situation or not we do not presume to say, the fact and the implications that follow will no doubt be considered by the Commission.

In conclusion, we submit that it is desirable in the ultimate interest of the Canadian people to encourage a normal movement of American bituminous coal into Canada, and that it is not desirable to extend Governmental assistance to promote a market for Maritime coal in Central Canada, since this tends to make consumers too dependent on one source of supply. Any diversion of a natural and long established flow of trade may be followed by unforeseen and unpleasant developments. Some, at least, can be foretold, and in this brief statement some are mentioned, without elaboration, in the hope that this presentation of some aspects of the matter may assist the Commission in its deliberations.

EXAMINED By Mr. Frawley.

Q What do you regard as a normal movement of American bituminous coal into Canada?

A The movement of coal that would normally go through on the delivered f.o.b. destination price; the coal that would move into Central Canada where the laid-down cost to the consumer is less than the cost of Canadian coal.

Q Without any Government aid, you mean?

A Without any Government aid or assistance; free competition.

Q That means then that you would give over Central Canada entirely, as far as bituminous coal is concerned, to the

American producer?

A I am not suggesting that the present subventions be removed at all.

A But when you find a subvention that gives an account to the Maritime coal on the basis that it will just take the account away, just meet a competitive position, then you are opposed to that, I take it?

A Very well, but we have been able to stay in existence despite that situation, which has existed for a number of years. The only thing we fear is lest the situation grow, from our point of view any worse than it is now.

Q First I thought you had in mind the tonnage, the amount of the movement. You didn't have in mind any tonnage that you would like to come in?

A No, no, it is not a question of that at all.

Q It is the mechanics of the movement?

A The mechanics.

BY COMMISSIONER MORRISON: There is no Maritime coal coming in here now?

A No, not under war conditions.

BY MR. FRAWLEY: But going back to 1939 when the subventions were in force the Dominion Coal Company, using the subventions, were entitled to take the business away from the American supply because the subventions enabled them to meet the consumer's cost. Well then, if they had enough coal and enough salesmen to cover all Ontario they could take it all away, theoretically?

A I am not sure you are right about that. In certain places they were able to secure the business. Whether they could have secured all the business in Central Ontario I don't know.

Q I quite agree. There were certain places they couldn't go.

BY COMMISSIONER McLAURIN: They wouldn't have the production.

BY MR. FRAWLEY: That is what I would like you to elaborate on, what you have in mind as being the ideal condition as far as

the share that should go to Maritime coal and the share that should go to American bituminous.

A I don't know the percentage or proportion of American or Canadian coal used in Central Canada, but off-hand I would say that if the percentage of American coal imported into Central Canada in future is equal to the percentage that came in in 1939 that would be satisfactory to us.

Q What you are saying is you are satisfied so long as the present subvention policy is not expanded?

A Exactly.

Q You are satisfied with the present subvention technique which is in force?

A Yes.

BY COMMISSIONER McLURIN: That is what he says: "If there were any suggestion that further support."

BY MR. FRAWLEY: That is as far as you go?

A Yes.

BY COMMISSIONER MORRISON: Including the tariff?

A Including the tariff.

BY MR. FRAWLEY: Of course you have a lot of very general remarks that seem to attack basically this idea of Government assistance to industry, but you are content with what has gone on up to date but you don't want any more?

A Precisely. We can tolerate up to a certain point.

Q At the bottom of page 4 you have some very fundamental remarks here: "It can be argued that any request for assistance to any industry that has been in existence long enough to stand on its own feet should be rejected. Otherwise, if the principle be adopted that the taxpayer must support industries that are not self-supporting, we are going to penalize the efficient and encourage the inefficient." Now have you ever thought that out as applies, say, to the furniture factories in Ontario?

A I don't know enough about the furniture business.

Q But you have to know about those things before you go and make that kind of remark. Just come away with me to a furniture factory up in Stratford, Ontario, that has been there 75 years. It is only there because of the Canadian tariff, isn't it?

A True. I don't believe we should have a tariff to maintain an industry like that.

Q Now do you sell any Canadian bituminous coal?

A A little bit.

Q That is what I would like to know about. I just wonder if there is a nigger in the woodpile, if I may use the term. Why aren't you selling more of Mr. MacLanders' coal?

A They make it available to us, the Dominion Coal Company, for sale on the Island of Montreal. Our territory is almost restricted to that. I am not in the sales department. So far as I know our sales of Dominion Coal Company coal do not extend beyond the island at all. This coal is delivered by trucks from the docks to various factories in Montreal. We bought this coal from the Dominion Coal Company and delivered it to those factories.

Q Where do you take delivery of it?

A At the wharf in Montreal.

Q At Windmill Point or Hochelaga dock?

A Yes.

Q Are you satisfied with that kind of arrangement with Dominion Coal?

A I can't say. That is a matter for the sales department. I don't know whether they are.

Q You have come here and made remarks about the advantages of maintaining the American position. I would like to know if that is because you make more money on American coal than you do on Dominion coal?

A Well, the greater part of our market is outside of the city of Montreal and in the province of Quebec and in the province of Ontario. We do not sell Dominion Coal Company's

coal in that area, because the Dominion Coal Company has its own selling organization.

Q Well now, let's understand the implications. Do they refuse it to you outside the island of Montreal?

A I believe they have in some cases.

Q Because of the fact that in that area they already have an exclusive agent?

A Or because they have their own sales representative.

BY COMMISSIONER McLAURIN: You are a wholesaler?

A Yes.

Q And the Dominion Coal Company have their own wholesale selling agency?

A Yes. They have coal going to St. John's, Sherbrooke. There is no point in giving us coal to sell to the dealer. That would be just heaping on extra commission.

BY MR. FRAWLEY: I would like to get you interested in selling Canadian coal and not bothering any more, except in part, with the American Bituminous coal. Now what is the difficulty? What is the barrier that doesn't enable you to go freely into the Maritime market and buy your coal there and supply those customers of yours with Canadian coal? Because if it is the policy of the Dominion Coal Company we would like to know about it.

A May I say if we did it probably would not result in the selling of any more Canadian coal, because if they wanted to burn Canadian coal they would buy it from Dominion Coal Company. If we were to intervene it would simply mean somebody would be paying us a commission, and the balance sheet in the end would be just the same of American and Canadian.

BY COMMISSIONER MORRISON: I understand that he is now selling American coal to his customers?

BY MR. FRAWLEY: That's right.

BY COMMISSIONER MORRISON: And as I understood you to say, you wanted him to sell some of this Dosco coal instead of American coal?

BY MR. FRAWLEY: That's right.

BY COMMISSIONER MORRISON: Well now, if he displaced that American tonnage with Dosco coal how does he say there would be no more Canadian coal sold?

BY COMMISSIONER McLAURIN: Because Dosco would sell less.

BY MR. FRAWLEY: But Dosco would produce more, and I would think it doesn't matter very much whether the sales department sells it or whether Mr. Devonport sells it . . .

BY COMMISSIONER McLAURIN: How can you say produce more? We know the production figures for the last 30 years. They themselves say the productive capacity of the mines is 8,000,000 tons. They haven't got much leeway one way or the other.

BY MR. FRAWLEY: Then Mr. Devonport can be very easy in his mind. He hasn't got to worry about looking for a spot to switch his American into Nova Scotia coal. If that is the picture the Commission should know it.

BY COMMISSIONER McLAURIN: It is the picture. They said so themselves.

BY MR. FRAWLEY: I don't have to remind you of what the Deputy Minister of Mines said. He wants 2,000,000 more tons out of Nova Scotia.

BY COMMISSIONER McLAURIN: He didn't say it in his brief. He said I think 9,000,000; Dominion Coal said 8,000,000. I had a sneaking suspicion it should be 7,000,000.

BY MR. FRAWLEY: Dr. Howland reminds me that Dr. Cameron said two and a quarter million tons of Nova Scotia coal into Central Canada was his objective. If Mr. Devonport would see to the selling of that, that perhaps would dovetail in. I would like in a friendly way to take Mr. Devonport to task for selling so much bituminous when presumably he could sell Nova Scotia coal as well.

BY THE CHAIRMAN: Didn't I understand that he is selling Dominion?

BY MR. FRAWLEY: Just on the Island of Montreal. But his big sales of this American coal are outside the island of Montreal.

BY THE CHAIRMAN: I don't care, but I don't want this gentleman to leave the impression, people might get the impression that the Dominion Coal Company refused to give him coal to sell anywhere, where he is selling it on the Island of Montreal.

BY MR. FRAWLEY: Oh, not anywhere.

BY COMMISSIONER McLAURIN: They have their own selling organization.

BY MR. FRAWLEY: That is quite right, and if Dosco will say plainly, "We would rather hold that business in our sales department."

BY THE CHAIRMAN: Why should we ask Dosco to say that? That is their policy. That have announced their policy; they have got their own sales department.

BY MR. FRAWLEY: I say it is very interesting for the Commission to know that that militates in this concrete instance against this man displacing some American bituminous.

BY COMMISSIONER McLAURIN: The production is not in existence to sell.

BY MR. FRAWLEY: I am willing to accept that. That is being rather defeatist about it.

BY COMMISSIONER McLAURIN: We know the maximum production figures never went to 7,000,000 tons. It has always been under 7,000,000, and if you insist that he be in the Maritime bituminous coal business you put him out of business, because he hasn't any coal to sell.

BY MR. FRAWLEY: Well, I know. I think perhaps it is interesting for the public of Canada to know that.

BY COMMISSIONER MORRISON: And it is quite possible that Dosco through its sales department can give the same kind of service, or even better service, than Mr. Boon-Strachan can, at less cents per ton.

BY MR. FRAWLEY: All I say is that it puts the American bituminous producer into a happy position. We know these things in

a general way. I like them when they come concretely.

BY THE CHAIRMAN: Well, their capacity is 7,000,000 tons, if they had always a market for their full 7,000,000 tons.

There is a surplus market for coal there but the production they had before, total sales from 1922 to 1929. . .

BY MR. FRAWLEY: They were certainly complaining to us about their productive capacity being over what they could sell, and here is a man, I don't know whether he is selling or not but he has some American bituminous customers and the Dominion Coal Company restrict him to the island of Montreal.

BY COMMISSIONER MORRISON: Yes, but this man has told us very clearly that he is giving a great service to the coal retail trade in Ontario, and he stressed the service that the wholesalers are giving the coal trade. Now I don't think that it is unfair to say to Mr. Devonport that they are paying for that service at some rate per ton or he would not be in business, and he agreed with me that the larger volume of business he could have, the better service he could give them, although he was not quite ready to go on to the ultimate objective and do a real job in the public interest. Now if Dominion Coal Company can give that same service, or even a better service, with a greater volume of their coal, instead of splitting it up between all these wholesalers who are eager and anxious to give service to the coal consuming public and the retailer, at less cents per ton, I think they are doing a service. They may be doing a disservice to Mr. Boon-Strachan but they are doing a service to the coal-consuming people. Wouldn't you agree with that, Mr. Devonport?

A Certainly.

Q No reason why they should hand you extra cherries out of the basket if they can improve their service to the public by a larger volume of sales?

A No.

BY THE CHAIRMAN: I would say that I think the Dominion Coal Company would be well advised if, after having read this brief to see what a fine advertiser you are of Canadian coal, that I wouldn't give you another ten to sell anywhere.

RENE MONGEAU called, to present:

Exhibit 193 - Brief presented by Mongeau
& Robert Cie Ltco.

BY MR. FRAWLEY - Will you read Exhibit 193, Mr. Mongeau.

MR. MONGEAU then reads Exhibit 193, as follows:

Independently of the general brief which, we understand, has been prepared jointly by the larger importers and distributors of bituminous coal in Montreal,-

BY MR. MONGEAU - I understand that has not been presented.

BY MR. FRAWLEY - But there have been some individual briefs, so we will take it as amended.

MR. MONGEAU continues brief

"we wish to submit a short account of our own position, insofar as it may be related to the policies which will eventually govern the postwar marketing of eastern Canadian coals.

During the past few years we have devoted a good portion of our time, finances and equipment, to the storage, handling and distribution of bituminous coal, in order to supplement the scope of other fuels and provide the necessary stimulant for the successful survival and future promotion of our business.

In the face of wartime conditions, we have developed the importation and dock handling of bituminous coals from the United States, where we have enjoyed a freedom of purchase and on which we have been able to earn the margin which is essential for dock operation and normal profit. Owing to the large variety of bituminous coals obtainable in the United States, our independent importation has also enabled us to feature special coals on a competitive level with all other importers or distributors.

In the process of developing our bituminous coal activities, we have established valuable sources of supply in the United States, and it is our intention, circumstances permitting, to enter into the postwar period with a definite and aggressive programme for the continued handling and distribution

of United States coal, to provide the volume which is essential for the profitable operation of our present facilities and the normal remuneration of the working capital invested in our business.

On the other hand, with a full recognition of our national sentiments and duty, we are only too willing to revise our postwar programme to include the equally aggressive distribution of eastern Canadian coal, if we can foresee a margin sufficient to cover the cost of handling and the same ratio of net profit which is necessary for the intelligent administration of our company. On the basis of the pre-war situation which governed the marketing of eastern Canadian coals, our post-war interest in the latter could only be developed on the theory that these Canadian coals would be available to us at a standard f.o.b. mine price, in the same manner as all purchases of United States coals are made, with the privilege of shipping by vessel or by rail to our own dock or to other destinations; the standard f.o.b. mine price to be the same as that applied to any other wholesale distributor with dock facilities.

The foregoing review of our thoughts is, of course, based on the assumption that the eastern Canadian coal made available to us, would be of equal quality and preparation to all other Canadian coals marketed in Montreal and throughout the Province of Quebec, and, furthermore, that we would have the benefit of all subventions or subsidies granted on either rail or water-borne coal.

We may add that, in the pursuance of our post-war programme, we are presently building up an increased sales organization and preparing an extension of our handling facilities throughout the territory we plan to cover.

(sgd) R. Mongeau
Vice-President.

RENE MONGEAU (Sworn) EXAMINED BY MR. FRAWLEY

Q. Mr. Mongeau, I take it you are selling more American Bituminous coal than Canadian Bituminous coal?

A. Correct, now.

Q. And up until 1939?

A. We were not really doing a lot of bituminous business then. We developed more later on.

Q. So you have really no very great experience of handling Canadian bituminous, to tell us about?

A. At the time we didn't have any facilities or any great advantage in trying to sell Canadian coals, because we were not in a position to make it profitable, the way we were buying it. We were buying it off the docks, and there was not a very great interest, just a little commission we were getting for selling it. But today in buying American coal from the United States we are enjoying a dock margin, which anyone with a dock needs if he wants to stay in the business.

Q. You are buying it according to a certain technique?

A. Yes.

Q. And you would like to buy Canadian according to the same technique?

A. If one wants to sell that coal one must.

Q. The only way you have been buying Canadian Bituminous is from Dominion Coal off Windmill Dock?

A. Yes.

Q. And you say that is not enough so far as your business is concerned?

A. Not when we have a dock.

Q. Having dock facilities, you have to have a more profitable way of handling Canadian Bituminous?

A. Yes.

Q. Something more comparable to the way you buy American Bituminous?

A. Right.

BY THE CHAIRMAN - Is he talking of war years, or previous years?

BY MR. FRAWLEY - He said up to the beginning of the War there was

not much to talk about.

BY MR. FRAWLEY TO MR. MONGEAU

Q. You didn't have the facilities for handling Canadian Bituminous?

A. We did.

Q. You did sell Canadian Bituminous before the War?

A. And a little American.

Q. Taking the position up to 1939, did you find the sale of Canadian Bituminous equally as attractive as American?

A. No.

Q. You preferred to sell American Bituminous?

A. Yes.

Q. Why?

A. Because we want to make money.

Q. What were the obstacles in the way of handling Canadian Bituminous?

A. As a dock operator we were buying the same as any other dealer without a dock, and possibly higher.

Q. During the war what has been the situation?

BY THE CHAIRMAN - I know the situation there.

BY MR. FRAWLEY - Post-war, I take it that you are quite willing to enter aggressively on the sale of Canadian Bituminous?

A. If given the opportunity of doing so along with the necessary working margin.

Q. Are you ready to say whether or not you look with much prospect of success to carrying on that kind of business, or are you somewhat despondant about it?

A. The whole thing rests upon your shoulders whether we are in a position to do so.

Q. What do the Dominion Coal Company say about it?

A. I don't know.

Q. You have not approached them to get a standard f.o.b. mine price?

A. No, Sir.

S.

-3401-

Rene Mongeau

Q. You were a party to this brief, Exhibit 188, which Mr. Aird put in. We have discovered that he is an agent for Amalgamated Welsh Anthracite and that he obtains 6d a ton on all of that coal which comes to Canada and Newfoundland, whether he sees it or not. The group tells us you are an agent of T. T. Pascoe, and we want to know if you enjoy a commission on the coal that comes, for instance to O'Leary at Halifax from Pascoe?

A. We are not that lucky.

BY COMMISSIONER McLAURIN - Mr. Aird received 6d from Ontario and Nova Scotia, not here.

BY MR. FRAWLEY - Because he buys it here, it is a purchase proposition.

BY MR. AIRD - We don't receive commission on that coal.

A. Because you are buying the coal, and selling?

A. Yes.

BY COMMISSIONER - At a profit?

A. Yes.

BY MR. FRAWLEY - And with respect to the coal going to Cunard, Mr. Aird, you are not buying or selling that, and you get a commission?

A. For the reasons given in yesterday's evidence.

BY MR. FRAWLEY - Thank you Mr. Mongeau.

NEIL WALSH called, to present:

Exhibit 194 - Brief presented on behalf of
Rochester & Pittsburg Coal
Co. (Can.) Ltd.

BY MR. FRAWLEY - Mr. Walsh, you are the Manager at Montreal of the Rochester & Pittsburg Coal Co. (Can.) Ltd.?

A. Yes.

Q. All right Mr. Walsh, you may proceed with the brief.

MR. WALSH then reads Exhibit 194, as follows:

Rochester & Pittsburg Coal Co. (Canada) Limited
is a wholly owned subsidiary of the Rochester & Pittsburg Coal
Company, a corporation of the United States. It was organized

and incorporated in the Dominion of Canada in the year 1926 to carry on the business of distributing solid fuels in Canada. Its business in the Montreal area is the continuation of one carried on for many years by a predecessor company which acted as agent for R. & P. Coals. The Parent Company has a record of continuous performance in helping to supply the fuel demands of Canada for a period of over 60 years.

Rochester & Pittsburg Coal Co. (Canada) Limited maintains its principal office in the City of Montreal through which it distributes coal at wholesale to the immediate surrounding territory in Eastern Ontario and the province of Quebec. It also operates a storage dock known as Wellington Basin Yard located on the Lachine Canal at Montreal in which it has a substantial investment and at which yard it receives coal via water and distributes the same by wholesale rail deliveries also wholesale and retail truck deliveries. This Company is the only wholly owned United States subsidiary company maintaining its own offices and storage facilities in the City of Montreal.

The storage facilities of our company at Montreal are not of sufficient size to take care of more than a relatively small though important part of the coal requirements of the city of Montreal which in normal times are, apart from By product coal, largely supplied by anthracite imported from Great Britain and the United States, and bituminous coal which moves in large volume from the Maritime Provinces.

The activity of our company in the Montreal market has been principally to act as a complementary source of supply to the Maritime fuels and has always proved a safety reserve for the Montreal market. The tonnage handled at our Wellington Basin Yard has never exceeded 150,000 tons per annum. Much of the coal which we import into the Montreal territory is of a quality of type which is not competitive with Maritime coals, i.e., our coals are largely of the low and medium volatile class with relatively high fusion points adaptable for use in equipment

where Maritime coals do not burn with the greatest efficiency. It is also a fact that a large portion of the coal which we import into the Montreal territory normally sells for a higher price in that market than do the Maritime coals.

While our own facilities at Montreal are such that there was a limit to the amount of tonnage which we could handle during the war emergency, our company has co-operated whole heartedly in meeting the fuel needs of this territory by supplying other dock operating companies in Montreal during this period with coal to help them to take care of the demand.

We believe that we are rendering a real service to the Montreal area by the maintenance of our Montreal distributing office and our Wollington Basin Dock.

In addition to distributing coal both at wholesale and retail, we also operate at Wollington Basin a conveniently located and modern bunker station. This bunker station, being located on the Lachine Canal above the first Harbour locks cannot participate in or interfere with the bunkering of ocean going vessels. Our location restricts us to the bunkering of what are commonly known as the "canalers".

For many years prior to January 1, 1927 coal for vessel bunkering at the port of Montreal was permitted to come into Canada duty free. On that date the duty regulations were changed to provide that United States coal entering the port of Montreal and used at that port for vessel bunkers was subjected to import duty. This had a very serious effect on our bunker business which was practically wiped out. Most of the bunker business, formerly enjoyed by this Company at Montreal was diverted to competitive U. S. and Canadian bunker stations on the Upper St. Lawrence, where vessels could still be bunkered free of duty.

On August 16, 1935 by Order-in-Council the import duty regulations were amended to provide that United States coal received at Montreal and there used to bunker vessels proceeding Westbound

was permitted to enter Canada duty free. This was of some help in permitting us to participate in the bunker business at Montreal on canal sized vessels proceeding westward the extent of which is relatively small but still has left us subject to discrimination in that we are not permitted to bunker Eastbound vessels with duty free coal.

All vessels plying Eastbound and which pass through international waters may bunker at any port on the Canadian or United States sides of the Great Lakes or Upper St. Lawrence without payment of duty. This means that at bunker stations located at some ports as Port Colborne, Kingston, or Prescott, Ontario, etc. coal may be imported from the United States duty free for bunkering Eastbound vessels or alternately bunkers may be taken on at any U. S. port while those same vessels proceeding Eastbound for destinations say on the Saguenay River and passing our Montreal bunker station enroute cannot take on bunkers at that station without the payment of duty even though coal from the identical mine used at other bunker stations may be supplied at Montreal. This has the effect of eliminating us at Montreal from the Eastbound bunker business in which we might participate if we were accorded the same privilege as bunker stations located on the Great Lakes and Upper St. Lawrence, and diverts our former business to competitive stations located West of Montreal.

We would respectfully request that your Royal Commission recommend that vessels proceeding Eastbound from the Great Lakes through International waters be permitted to bunker at Montreal with United States coal duty free.

BY THE CHAIRMAN - Did I understand from somepart of this brief that you are not in a position to bunker Eastward Ocean bound steamers?

A. Yes sir, we are not.

Q. It would not do you very much good, would it?

A. It is on account of the size of the vessels.

Q. Then the only relief you are asking is to get duty free for Eastbound vessels east of Montreal?

A. For vessels proceeding east of Montreal.

BY COMMISSIONER MORRISON - And that privilege is at present accorded some of your competitors?

A. To ports located up above Montreal.

Mr. Walsh continues brief

We do not believe that were this privilege granted, it would in any way affect the sale of Canadian coal in the port of Montreal, First because it would not interfere with the Bunkering of ocean going vessels larger than canal size, Second because the effect of the application of duty in 1927 was to drive out of Montreal nearly all bunkering of Canal sized vessels. The granting of the privilege of bunkering canalers duty free would only serve to restore some of the business formerly enjoyed at Montreal which now flows to bunker stations located West of Montreal.

Dated at Montreal, P.Q.
August 15, 1945.

MR. NEIL WALSH (Sworn) EXAMINED BY MR. FRAWLEY

Q. Mr. Walsh, I take this sentence on the first page of your brief - "The Parent Company has a record of continuous performance in helping to supply the fuel demands of Canada for a period of over 60 years." I would like to have you elaborate that a little bit. Does that statement contain the implication that the Rochester & Pittsburg Coal Company regards the Canadian market as an integral part of its business?

A. I would judge so, yes.

Q. Can it be said that the coal which that Company sends into Canada is in any sense a surplus or dumping?

A. No.

Q. It is as much a part of its business as the coal it sells in the State of Pennsylvania, or Ohio, or New York?

A. I would say so.

S.

-3406-

Neil Walsh

Q. That is, in that they have invested in, and established a Canadian Company?

A. Yes.

Q. Do you find that competing coal being assisted by Government subvention very much of a burden to the prosecution of your business?

A. No.

Q. Have you any views on the matter of subvention? Would you like to see them taken away, or kept where they are?

A. I don't think I have anything to say about that. We are not particularly interested in that because practically all of our coals are used where Maritime coals are not.

Q. Are not moved under government assistance?

A. Yes.

BY THE CHAIRMAN - He seems to put up a good case so far as this movement of duty free coal is concerned.

BY MR. FRAWLEY - Through the canals. Yes, I think that is something we should take up in Ottawa.

MR. A. BRISSON called to present

Exhibit No. 195 - Individual Bituminous
Coal Brief

BY MR. FRAWLEY - You have had some experience in the distribution in this area of Bras d'Or coal?

A. Yes.

Q. Will you proceed to read your brief.

MR. BRISSON then read Exhibit 195, as follows:

As agent for the Bras d'Or Coal Co. Ltd., Little Bras d'Or Bridge, N. S., for the provinces of Quebec and Ontario, I submit the following comments which may be useful to you in your study of the Canadian bituminous coal situation.

The tonnage of Bras d'Or coal available for distribution in the provinces of Quebec and Ontario have been so that no substantial sales promotion has been possible.

This available tonnage has mostly been sold by me

to a few firms who could not obtain directly Dominion coal owing to the exclusive selling arrangements which the Dominion coal had concluded with regional Distributors.

In my opinion, it is a foregone conclusion that, with new and improved production facilities, the Bras d'Or coal available in larger quantities, would constitute a healthy competitive factor in so far as Canadian coals are concerned, and provide an increased consumption of Canadian coal reducing to a certain extent the necessary importation of United States coal.

The foregoing is, of course, based on the assumption that the Bras d'Or coal shipped in the provinces of Quebec and Ontario, would at all times have the benefit of the same subventions and subsidies as those granted to any other Canadian coal distributed in the same territory.

The brief which has been submitted by the Bras d'Or Coal Co. Ltd., has undoubtedly covered quite completely the matter of new and improved production facilities, and the fact that these are possible of accomplishment if approved and recommended in the final conclusions for the post-war period.

I do feel that notwithstanding the ultimate regulations which will govern Canadian bituminous coal situation in the future, regional representatives of the Dominion Fuel Board administrator be instituted and maintained to provide a closer co-operation between that government agency and the distributors of Canadian coals, and also insure a more dignified background for the consultations and meetings which are so necessary from time to time.

(Sgd) A. Brisson.

BY MR. FRAWLEY - Thank you very much Mr. Brisson.

BY MR. FRAWLEY - There are only four short briefs left, and nobody seems to be here to present them. I will not ask the Commission to come here tomorrow morning to have these read, so think I will just have them incorporated in the Minutes.

BY COMMISSIONER MORRISON - What about the Newsprint Association

Association of Canada?

BY MR. FRAWLEY - That is Mr. O'Reilly's brief here, so we will have it put on the record.

BY MR. FRAWLEY - Mr. Mackenzie has given me in part the source of the statement in his brief about the 155 years more of Anthracite production in Pennsylvania. This is how I should put it. The source is a paper by Dr. George H. Ashley, State Geologist, Commonwealth of Pennsylvania - "Anthracite Reserves and Geology", page 13, of the "Transactions of the First Annual Anthracite Conference of Lehigh University, 29th and 30th April, 1938, Bethlehem, Pa.

And also the U. S. Bureau of Mines, and he was good enough to say he will get the particulars of that reference also.

These other three briefs are briefs of consumers who have some remarks to make about their views on American and Canadian coal.

EXHIBIT 196 - Brief on Bituminous Coal
submitted by Canadian Industries Ltd.

Reads as follows:

GENERAL

Bituminous coal is the principal fuel used by C-I-L at their various plants across Canada. The Regions and quantities consumed are as follows:

<u>Region</u>	<u>Short Tons Consumed</u>
1. Province of Quebec (Shawinigan Falls to Montreal)	23,000
2. Eastern Ontario (Cornwall to Kingston)	7,000
3. Mid Ontario (Windsor to Nobel)	112,000
4. Manitoba (Neepawa to Winnipeg)	25,000
5. British Columbia	<u>3,000</u>
	<u>170,000</u>

The above excludes the requirements of our wartime subsidiary, Defence Industries Ltd.

Our British Columbia requirements will revert to fuel oil as soon as this commodity becomes freely available again.

Our consumption of anthracite and coke is negligible.

MARKETS

Prior to 1932 the various regions listed in the foregoing were served by the following fields:

<u>Region</u>	<u>Source of Supply</u>
1 (Quebec)	Canadian coal from the Maritimes.
2 & 3 (Ontario)	U. S. Coal from Pennsylvania, Ohio and North West Virginia fields.
4 (Manitoba)	Not in operation but would have been served by Canadian coal from Alberta or British Columbia east of the Rockies.
5 (British Columbia)	Canadian coal from Vancouver Island.

In 1932 C-I-L was the first company to try out and successfully use Canadian coal from the Maritimes in Mid-Ontario at Toronto. This use was extended to Cornwall, Copper Cliff and Hamilton in 1934 and to Windsor and Novel in 1939. In other words, with the exception of two or three installations where Canadian coal could not be adapted due to special circumstances, it was used in all our plants across Canada.

The substitution of Eastern Canadian for U. S. bituminous coals at these points was made possible by subventions granted by the Federal Government to Canadian operators which permitted them to quote competitively in these regions.

With the advent of the War, Canadian coal was withdrawn from the Ontario and Western Quebec regions and we had to turn again to the U. S. fields for our major requirements.

Methods of Shipment and Delivery

The movement of coal to our various plants is as follows:

Canadian Coal Region

- Shawinigan Falls Area - by vessel via the St. Lawrence to Three Rivers dock then by rail or truck to destination.
- Montreal Area - by vessel via the St. Lawrence to Montreal docks then by rail or truck to destination.
- Ontario - by vessel via the St. Lawrence and Great Lakes to Ontario docks then by rail or truck to destination.
- Manitoba - via all rail.
- British Columbia - via barge.

U. S. COAL REGION

- Montreal Area - by all rail and alternatively by rail to lower lake ports then by vessel to Montreal docks then by rail or truck to destination.
- Ontario - by rail to Lake Erie ports then by vessel to Ontario docks then by rail or truck to destination.

COMPARISON OF CANADIAN WITH U.S. BITUMINOUS STEAM COALS

As West Canadian Coals have always been available for our Manitoba and British Columbia plants, our comparison will deal only with Eastern Canadian Coal.

At all plants where Canadian Coal was substituted for U. S. bituminous Steam Coal, it was found it could be burned in an entirely satisfactory manner.

At its subsidized price levels the Canadian Coal compared favorably from an economic point of view with the general run of U. S. steam Coals. It is true that certain high grade U. S. Coals function more satisfactorily in some of our installations; however, these coals are not always available and usually command a premium sufficient to offset their extra efficiency. During the war they were practically unobtainable in Canada and the U. S. Coals imported during this period were generally inferior to the Canadian Coal they replaced.

Almost without exception, when Canadian Coal was introduced to a plant previously supplied with U. S. Coal it was

not well received by the firemen. However, after a period of training, the men became accustomed to its characteristics and method of handling and satisfactory operations resulted. Coupled with this, one of the major producers took steps to improve the preparation of its coal and, by mixing the output from most of its mines, developed a fuel having fairly uniform characteristics. This is a distinct advantage over the practice of drawing supplies for a particular plant from various mines.

One of the principal objections to Canadian Coal was the large percentage of fines contained in its slack and nut slack grades. This was mainly due to the considerable amount of handling it received, particularly when moved by vessel to Quebec and Ontario docks. This situation could be greatly overcome if instead of screening to various sizes at the mine, the coal were shipped to the inland docks as Run-of-mine, stored as such, and then screened to size as required. This practice has been carried out on a large scale for the past few years on Montreal docks with U. S. bituminous coals from many mines. Undoubtedly improved results would be obtained if Canadian Coals were handled in a similar manner.

We have used the Canadian Coal successfully on underfeed stokers, forced draft chain grates, in hand-fired boilers and also in pulverized fuel installations.

SUMMARY

(a) Fuel preference

Whilst certain high grade U.S. coals are definitely of higher quality than Canadian coals, in general we find the Canadian product entirely satisfactory from an operating point of view.

(b) Canadian supply

Prior to the war no difficulty was encountered in obtaining delivery of Canadian Coal as far west as the Georgian Bay region of the Great Lakes and the situation should be improved if anything in the post war years.

(c) Trade and tariff structure

The Eastern Canadian Coal operators expect to produce approximately 4 million tons of coal per annum in excess of their local demand. This could be disposed of:

1. By reciprocal arrangements with the U.S.A. whereby the Eastern Canadian Coals would move into the New England States and the U. S. Coals would serve Mid-Canada.

11. By permitting its sales market to extend to Quebec and Ontario competitively.

At the present time it would appear that the second alternative is the only one available for the immediate future.

The fact should not be overlooked that, disregarding national boundaries, the natural flow of bituminous coal would be from the U. S. Coal fields to Mid-Canada and from the Canadian Maritimes to the Eastern U. S. seaboard ports. Also Canadian coals cannot fully supply the Mid-Canadian market. Neither should we disregard the invaluable assistance received from the U. S. operators during the war, which we may need to call upon again in the future.

It would, therefore, seem advisable to establish tariffs and/or subventions that will permit Eastern Canadian Coal to enter the Mid-Canadian markets competitively with U. S. Coals. The pre-war tariff and sub-vention structure appeared to provide a very satisfactory basis for this condition.

Recommendation

We would, therefore, recommend that until such time as other markets are available for Canadian Bituminous Coals, tariffs and/or subsidies be so adjusted to enable both U. S. and Canadian bituminous coals to compete harmoniously in the Mid-Canadian region.

EXHIBIT 197 - Brief submitted by Canadian
Refractories Limited

Reads as follows:

The manufacture of clinkered magnesitic refractory material by Canadian Refractories Limited at Kilmar, Que., involved the consumption of approximately one-half ton of soft coal per ton of product. The process is carried out in rotary kilns similar to but smaller than those regularly used in the cement industry. Powdered magnesite rock is fed into one end of the kiln and pulverized coal introduced into the other end in an air stream and burned in suspension. The temperatures developed in the hot or sintering zone of the kiln range between 2900 degrees and 3100 degrees F. depending upon the use for which the product is intended. In addition to the above fuel application which accounts for approximately 50 to 60 tons of soft coal per day, smaller amounts are used for drying coal in the coal preparation plant, drying rock prior to grinding and burning, and for firing boilers in the steam heating plant. (Coke and anthracite coals are used only for domestic consumption in Company dwellings.)

A distribution of soft coal consumption during the calendar year 1944 is as follows:

Clinkering operations	18,017 tons
Drying rock	977 "
Drying coal	484 "
Steam heating plant	<u>1,504</u> "
Total	<u>20,982</u> "

The coal used in the rotary kiln sintering operation, described briefly above, constitutes one of the largest items that go to make up the cost of the product. Since the early days of our operation commencing in 1921, coal originating in Nova Scotia was regularly used until that source of supply was cut off in May 1940. Since then West Virginian coals have been used, some

shipments of which were very unsatisfactory. Coal from one of these sources had an ash content of 16%, and was unsuited for use in the rotary kilns since difficulty was encountered in maintaining the high temperature required.

When Nova Scotia coal was available, the consumption of coal per ton of product would average approximately 850# based on dry coal. During 1944 the coal consumption averaged 1195# per ton of output or an increase of 40%. The following table shows the increase in cost of coal as well as coal-product ratio over a period of years, along with the average analysis:

<u>Year</u>	<u>Cost per ton</u>	<u>Ratio Coal-product</u>	<u>Average Analysis</u>		
			<u>Volatile</u>	<u>Ash</u>	<u>Moisture</u>
1937	\$6.30	0.43	35.6	7.7	-
1938	6.30	-	36.4	7.9	-
1939	6.30	0.51	35.7	9.1	-
1940	6.30	0.50	35.7	9.4	9.0
1941	7.80	0.48	36.1	9.8	3.5
1942	8.56	0.47	37.6	7.7	4.0
1943	9.20	0.53	36.6	9.4	4.6
1944	9.75	0.59	36.7	10.2	4.9
1945	9.75	0.65	38.0	11.0	5.2

In addition to the increased coal consumption on rotary kiln operations the daily output from the rotary kilns has been steadily decreasing. When Nova Scotia coal was available the daily output from three kilns was 95 to 105 tons. A fourth kiln was installed in 1942 and the output from the four units only barely exceeds the former output from three. As a result the effect on cost of material produced has shown a very substantial upward trend.

In 1937, with a coal-product ratio of 0.43 and a delivered price for coal of \$6.30, the cost of fuel per ton of product burned was \$2.72. In 1945, with a coal-product ratio of 0.65 and a delivered price for coal of \$9.75, the cost of fuel per ton of product had increased to \$6.40, a jump of 135%. These amounts are, of course, exclusive of the expenses involved in

handling, drying, pulverizing, etc., and on a total annual output of, say, 30,000 tons of dead burned magnesite, this, increase in cost of fuel alone represents a substantial and serious loss, particularly when coupled with lower output per kiln, a very material increase in labour cost and a fixed selling price of the produce produced.

Some mention of the uses to which Canadian Refractories Limited products are put is considered worthwhile in order to gauge the importance of this industry in relation to other heavy industries. Magnesite refractory products, both dead burned clinker and also brick, are used in the maintenance and operation of steel, copper and nickel furnaces, and on account of the fact that the metallurgical furnaces cannot be operated without such refractories, the Company has been classed as an essential war industry. Canadian Refractories Limited supply between 50% and 75% of the basic refractories consumed in the above-mentioned plants and it can, therefore, be seen that the products are of fundamental importance in the manufacture of steel, copper and nickel.

Similarly, the cost and quality of the fuel used in the clinkering of magnesite has in turn a marked effect on the cost of production of brick. More than half the tonnage of clinkered material made in the rotary kilns is used in the manufacture of magnesite brick. Attention is drawn to the fact that these brick are used for lining open hearths and electric steel furnaces as well as non-ferrous smelting furnaces and other metallurgical industries. The Canadian producer of magnesite brick has been in the position of having to compete with brick imported from the U.S.A. and this gives rise to a number of circumstances that are decidedly prejudicial to the growth and prosperity of the Canadian producer. Some facts pertaining to this are,- (1) The American manufacturer is able to avail himself of a very much cheaper supply of coal and other fuel, a major item in the cost of brickmaking. (2) The tonnage of magnesite brick produced in the U. S.A, is

much greater than in Canada and the American costs as a consequence are much lower in the U.S.A. (3) Magnesite brick enter Canada free of duty, hence the Canadian producer does not enjoy any protection whatever. The Canadian fireclay brick industry is well protected, however, with a substantial tariff on imported fireclay brick, as are the majority of Canadian manufacturers of commodities. (4) There is duty on coal entering Canada from the U.S.A. of 75¢ per ton, which is an extra charge on the cost of magnesite material used in brickmaking.

The net results of the above factors is that,-

The Canadian producer is (a) subject to severe competition from relatively favored U. S. competitors and (b) has found his costs mounting steadily due to costly and inefficient coal, higher priced chrome ore, higher cost labour, etc. (c) Prices for products manufactured by Canadian Refractories Limited are, of course, fixed by both American competition and Government regulations, and the margin between price and cost is gradually narrowing.

RECOMMENDATIONS

(a) As previously noted the high cost and the high ash and high moisture content of inferior West Virginia coals have been an important factor in increasing manufacturing costs. Based on 20 years' experience with Maritime coal, officials of the Company are satisfied with its performance in the dead burning operations. Oil has been tried in the rotary kilns but proved to be too costly for economical production. Therefore, provided a good grade of Nova Scotia coal can be produced in the future at a price which will enable the Company to compete favorably with the American producers, the Company will be quite prepared to use it exclusively in their processing.

(b) If Maritime coal cannot be supplied at an economical figure the Company will be vitally interested in any measures which the Royal Commission on Coal may recommend in the form of complete elimination of the present 75¢ per ton duty on imported coal, lower freight rates and subsidies, etc., to effect a reduction in the cost of good quality American coal. While we hesitate to ask

the Government for a protective duty on basic brick in order to protect our domestic market, we feel strongly that we should at least not be penalized by duties on coal.

(sgd) CANADIAN REFRACTORIES LIMITED

N. P. Pitt
Managing Director.

EXHIBIT 198 - Brief submitted by Joint Executive Board, Newsprint Association of Canada; Canadian Pulp & Paper Association

Reads as follows:

We take pleasure in submitting on behalf of the pulp and paper industry of Canada the attached compilation of data, made available through the courtesy of the Pulp & Paper Products Administration, Wartime Prices & Trade Board, who secured, on a confidential basis, the basic data from all individual companies in Canada.

These figures show actual fuel consumption by the industry for the period April 1, 1944 to March 31, 1945 equivalent to 3,237,851 tons of coal, and tentative estimates for the period April 1, 1945 to March 31, 1946 equivalent to 3,608,933 tons of coal.

During both periods the industry has not only been under strict control but handicapped by its inability to obtain sufficient raw materials to operate to the full extent of its installed productive capacity. Subject to demand for our products and raw materials being available to permit of full operation, fuel consumption should increase. The amount of the increase being dependent on the rate of operation achieved.

We confine our submission, which you were kind enough to request, to certain fundamental facts that we feel merit your consideration, as follows:-

(1) The amount of coal required by the pulp and paper industry cannot be accurately forecast for the following reasons:-

(a) Negotiations have not been completed between hydro-electric power companies and pulp and paper mills regarding

contracts for steam generation in electric boilers, which past experience has proved the cheapest steam supply in certain areas of major production within this industry.

(b) Past experience has proven that, in many cases, oil is cheaper than coal. This condition may prevail during the post-war period.

(c) Certain mills, particularly on the West Coast, have been obliged to use hog fuel during the past three years instead of, or to supplement, oil. Some of these mills may find that, for particular types of operation, it will be economical to continue the use of hog fuel only or a combination of both.

(d) The tariff at any given time can effect the quantities of coal that will be purchased and consumed. Obviously American coal with low ash content and considerably less foreign matter as compared to much of the Canadian coal generates the same amount of steam from a lower tonnage of coal. Some mills are so equipped that coal other than the kind available from U. S. mines cannot be used.

2. The amount of coal that will be consumed by Canadian pulp and paper mills in the post-war period will be determined by economics.

3. Reduction, or removal of customs duty on U. S. coal and bunker oil, also elimination of 8% Federal Sales Tax on bunker oil, - there being no such tax on solid fuel, - would materially assist Canadian mills in maintaining their world markets against foreign competition. Over 80% of Canadian pulp and paper production is exported, - having value in excess of \$275,000,000 for year 1944.

4. Canadian pulp and paper mills should not be hampered in their selection of the type of fuel that will maintain lowest production costs; therefore, the market should be unrestricted with respect to types of fuel available to this industry.

(Sgd) W. H. O'Reilly,
Secretary.

CANADIAN PULP AND PAPER INDUSTRYConsumption of Coal and Coal Equivalent

	<u>Newsprint Mills</u>	<u>Pulp Mills</u>	<u>Converting Mills</u>	<u>Total</u>
April 1, 1944 - <u>April 1, 1945</u>				
Consumption - U.S. coal	1,318,002	269,239	132,728	1,719,969
Consumption - Can. coal	394,429	137,687	18,925	551,041
Electric Power-Equivalent tons coal	434,691	30,968	-	465,679
Fuel oil, wood " "	<u>242,813</u>	<u>253,629</u>	<u>4,720</u>	<u>501,162</u>
TOTAL	<u>2,389,935</u>	<u>691,543</u>	<u>156,373</u>	<u>3,237,851</u>
Coal on hand Apr.1,1945	672,428	80,449	15,910	768,787
Production of pulp & paper	4,507,442	821,421	231,883	5,560,746
Coal equivalent per ton of product	.53	.84	.67	.58
Apr.1, 1945 - April 1,1946 (estimated)				
Consumption U.S.coal	1,409,428	226,837	130,733	1,766,998
Consumption Can. coal	434,615	184,021	21,600	640,236
Electric power-Equivalent tons coal	559,521	51,982	3,000	614,503
Fuel oil, wood " "	<u>271,306</u>	<u>308,179</u>	<u>7,711</u>	<u>587,196</u>
TOTAL	<u>2,674,870</u>	<u>771,019</u>	<u>163,044</u>	<u>3,608,933</u>
Production of pulp and paper	4,994,931	879,761	247,150	6,121,842
Coal equivalent per ton of product	.54	.88	.66	.59

Note: All figures in tons of 2000 lbs.

EXHIBIT 199 - Brief submitted by Horace
Freeman, In Trust

Reads as follows:

SUMMARY - Notable discoveries of iron ores suitable
for smelting have recently been made in Canada.

The possibility of developing an iron and steel
industry based on these ores is strictly limited for the
following reasons:-

- (1) The present blast furnace method of
reduction requires the use of coke and
uses 1.7 tons of coal converted to coke
per ton of iron produced.
- (2) Canadian coals are not suited for coke
production and the by-product market is
strictly limited in Canada.
- (3) Smaller smelting units which can compete
with the blast furnace and which can use
raw coal are desirable.
- (4) Electric energy in Canada cannot compete
with blast furnaces for reduction, but it
can compete in the refining of crude metal.

A research on the use of raw coal and raw wood for
the production of pig iron and charcoal iron has been conducted
during the war years by the writer and the Frobisher-Exploration
Company in a pilot plant at Cap-de-la-Madeleine, Quebec. The
work shows that it may be quite feasible to use these raw fuels
direct. The amount of raw coal or wood may be reduced to one-
half of the amount required as coke or charcoal per unit of iron
produced.

It is submitted that work should be conducted in
the national interest on a larger scale in co-operation with the
proper Government agencies.

BRIEF UPON AN INVESTIGATION INTO THE USE OF RAW
BITUMINOUS COAL FOR THE REDUCTION OF IRON ORES.

The recent discovery of high grade iron ores in Canada
has focussed attention upon the possibilities for development of
a smelting industry based upon these ores.

The present method of smelting by the blast furnace

requires 1.7 tons of coal converted into coke to produce one ton of pig iron.

Canadian coals are not suited for the production of metallurgical coke. Electric smelting has been thoroughly investigated over the past forty years, but even with the low cost energy available in Canada, the prospects for a profitable industry, using the energy for reduction purposes requiring 2500 KWH per tons of iron, as distinct from electric refining, requiring 6 to 800 KWH per ton, are very remote. Electric reduction also requires the use of high grade metallurgical coke which is not available.

At the suggestion of the Department of Mines and with the permission of the Department of Munitions & Supply, a private research has been conducted by the writer in partnership with Frobisher Exploration Company Limited of Toronto during the war period. A pilot plant has been erected and operated at Cap-de-la-Madeleine, Quebec, which is favorably located between the coal supply of Nova Scotia, the iron ore supply in Ontario and on the Shawinigan power network on the St. Lawrence transportation system.

The object of the work was primarily to determine if iron ores could be reduced with raw bituminous coal or similar types of coal with economy against the present blast furnace method. A considerable sum of money has been spent directly in this applied research and it is stated that the results obtained provide justification for further considerable attention and expenditure. It is held that this is probably the most important applied research which may be conducted in connection with the development of basic Canadian industry, and in connection with the use of Canadian coals.

It is not the intention in this brief to indicate the technical detail, but it is said that by using raw coal direct, a ton of iron may be obtained with less than one-half of the amount of coal required by the blast furnace. The necessity for coking plants and coke by-product sales is

eliminated and the indications are that small smelting units can be developed to produce iron in competition with the large blast furnace units presently required. It is felt that the research has reached the stage where it should receive further development on a larger scale than is feasible by private efforts alone under the existing conditions of taxation. The work has also utilized raw wood for the production of charcoal iron in a similar way, eliminating the necessity for wood charcoal distillation plants. A similar economy in wood has been proven. It has further been demonstrated that any kind of wood may be used, and, therefore, the production of charcoal iron in Canada need not be dependent upon the use of hard wood. The industry may be conducted upon the use of scrub woods which are not suitable for use as fuel or as pulp wood. This in its turn may have reflection upon reafforestation programs.

The production of crude metal by the use of raw fuels will involve the use of electric energy for refining purposes. The writer would be ready at any time to give evidence upon these points before the Royal Commission, if required, in the hope that attention of the various Government agencies concerned with industrial research and with reconstruction may be focussed upon this field.

It is suggested that if verbal discussion were required, this might be better in Ottawa where the contributory evidence of various Government agencies might be readily obtained.

H. Freeman
August 17, 1945.

BY THE CHAIRMAN - On behalf of the Commission I want to thank those who came forward and gave us briefs expressing their various viewpoints, and while we cannot agree with them all, we have some very valuable information from the district of Montreal, and the thing we like about it is that both wholesale and retail distributors have taken a keen interest in the whole matter; some perhaps from a not wholly Canadian standpoint, and that is their business of course. But I think we are satisfied that we got some very valuable information in the city of Montreal from the gentlemen here today.

4:30 P.M. - MEETING ADJOURNED.

ROYAL COMMISSION ON COAL

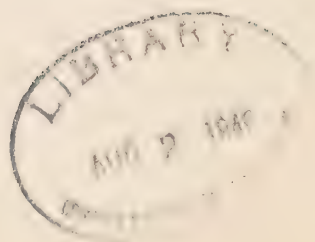
Charlottetown, P.E.I.

Monday, September 10th, 1945

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ROYAL COMMISSION ON COAL

Charlottetown, P.E.I.,
September 10, 1945.

The Royal Commission on Coal convened at the Court House, Charlottetown, Prince Edward Island, on Monday, September 10th, 1945, at 10.00 A.M.

PRESENT:

Hon. Mr. Justice W. F. Carroll, Chairman
Hon. Mr. Justice C. C. McLaurin, Commissioner
Angus J. Morrison, Esq., Commissioner
Robert D. Howland, Secretary

DR. HOWLAND: Mr. Chairman, the Premier of the Province, Hon. J. Walter Jones, has a submission on behalf of the Province. This will be Exhibit 200.

Exhibit 200 - Submission of the Province of
Prince Edward Island

DR. HOWLAND: I might say that Mr. MacMillan, the Deputy Minister of Public Works and Highways, is here also for discussion with the Commission, and a number of the dealers from various locations in the province.

HON. J. WALTER JONES: I want to say that we are glad to see you come to this province because, as the brief I shall read presently will show, we have a good many problems with respect to getting adequate supplies of coal. We are glad that you were here while the weather was still as fine as it had been all summer. We expect that you will probably realize that the coal problem, since we are bringing most everything by railroad, is a different proposition on Prince Edward Island from what it used to be when it merely came across from the mines in Nova Scotia by schooner.

I will now read the brief of the Province of Prince Edward Island to the Royal Commission on Coal.

Hon. Mr. Jones proceeds to read Exhibit 200:

The following is a summary of the problems of the coal dealers in the Province of Prince Edward Island.

The consumption of coal in Prince Edward Island is divided as follows:

Domestic use

Public Buildings - Hospitals, Churches, Schools, etc.

Public Utilities - Railway, Light and Power, Water and
Sewerage Commissioners.

Factories - Bruce Stewart & Company (foundry), Pasteurized
Milk Factories, Butter and Cheese Factories,
Fish and Meat Canneries, Bakeries, Laundries,
Dry Cleaning Plants and Woollen Mills,

During the war period there were 103 oil burning furnaces in operation. This number will now be increased by 29. In the City of Charlottetown the following public buildings are also heated by oil: Provincial Building, Law Courts Building, Prince of Wales College and the Provincial Tuberculosis Sanatorium.

Coal should be shipped to the province and stored by dealers in the early summer at a lower price for the May, June and July shipments, to cover cost of handling.

It is the general opinion of the dealers that the mileage rate from the various mines should be the same to points on Prince Edward Island as it is throughout the other provinces.

To hold present coal users and prevent them from installing oil burning furnaces for heating purposes, it will be necessary for coal mining companies to see that coal is well prepared, well screened and made dustless by treating with oil, also by sizing and having all stones removed. Unless this is done dealers will import cargoes from other countries if quality and price are reasonable.

The coal situation in the Province at the present time is in a serious condition as far as the supplying of coal for domestic use throughout the Province is concerned. The Dominion

Coal Company's orders at the first of September were short 111 cars for the City of Charlottetown, 155 cars for the rural communities and 58 cars for Summerside. Unless some means are found to supply more coal before the winter season, we are liable to have a serious situation this winter.

No attempt has been made in this brief submitted to analyse in detail the specific problems which we face but several coal importers and dealers are available for discussion should the Commission require further information.

Respectfully submitted for your information.

BY DR. HOWLAND: Is it your plan for Mr. MacMillan to answer some of the questions or would you like to discuss them yourself with the Commission?

HON. MR. JONES: I would like to sit by and listen, if I may.

I don't consider I am expert on transportation, although I realize it has changed so much in the past 20 years that the problem is different altogether from what it was 20 years ago.

BY COMMISSIONER MORRISON: What do you mean on page 1 of your brief: "It is the general opinion of the dealers that the mileage rate from the various mines should be the same to points on Prince Edward Island as it is throughout the other provinces"?

HON. MR. JONES: I expect some of them could answer that in more detail than I, but I understand that there are special rates on the car ferry, that the mileage on the car ferry is a special rate crossing the Strait, where there should not be.

MR. MacMILLAN: There is some additional mileage added for ferry purposes; I don't know exactly; I presumed that you gentlemen would know. For instance, the rate from Springhill to Charlottetown is considerably higher than the rate from Springhill to Halifax, and Halifax is a considerably longer distance, so they must put on an extra charge for ferries, which personally I don't think is right at all,

because the ferry is a National obligation of the Federal Government, to see that communication is carried on, and it should be carried on at the same rates as rail.

BY COMMISSIONER MORRISON: Are there different rates to different points in the province? Are there wide variations?

A I can't tell you.

MR. DONALD BAKER: Not a wide variation.

BY THE CHAIRMAN: Have you ever brought to the attention of the Dominion Coal Company the fact that the people of this province are not getting well prepared and clean coal?

MR. DONALD BAKER: I am representing R. T. Holman, Summerside, one of the dealers there, sir. It has been brought to their attention, and also to Mr. C. Y. Florian, who is the district sales manager for the Maritimes. Summerside has no manufacturing plants and unless we get coal sufficiently screened for domestic purposes we would be better off if we never saw it, I mean coal from the Dominion mines.

Q When you speak of Dominion mines ---?

A I include Springhill. Springhill is well prepared when we get it, and we get Florence and Princess.

BY COMMISSIONER McLAURIN: And you complain about the proportion of that coal from Florence and Princess?

A Oh no, it is well prepared, but we don't get sufficient of it.

BY COMMISSIONER MORRISON: Where does the coal come from that you are complaining about?

A From Sydney.

Q And what response did you receive when you took this up with the people who supply it?

A Well, at certain times we have been told to take Dominion coal and like it.

BY THE CHAIRMAN: Well, you have given them the answer, I think --some of the people--that they don't have to take it and like it. They are using oil, as we do in Nova Scotia-- a lot, too.

A We don't wish to be antagonistic.

Q Oh no, I understand.

BY COMMISSIONER MORRISON: Now there are other coals mined in Nova Scotia in addition to the Dosco coal. There are some independent mines there. Are there any of their representatives here?

BY THE CHAIRMAN: Westville Intercolonial, Inverness coal. That is the government mine.

A It is handled through S. Cunard and Co. Ltd.

BY COMMISSIONER MORRISON: I noticed in the telephone directory on Saturday that you were advertising Bras d'Or coal, the local telephone directory. Is there any complaint about its preparation?

A Very well prepared. I am just a very humble member of this board and I seem to be talking too much.

BY THE CHAIRMAN: Does that mine down in Cumberland there, River Hebert, do you get any coal from there?

A Quite a good deal comes from there. There is the Victoria mines, Bay View and Standard.

BY COMMISSIONER MORRISON: Mr. Premier, what is the total consumption of coal in Prince Edward Island? Have you those figures available?

HON. MR. JONES: No, I have not.

MR. MACMILLAN: It is in the vicinity of 100,000 tons, as near as I can figure it. There is an extra use during the period of the war by the airports which will now be cut out.

BY COMMISSIONER MORRISON: How would you divide that as between domestic and industrial consumption?

A Well, that is a matter--I guess if you would call any of the suppliers. Mr. Pickard from Charlottetown can tell you pretty well.

Q Just roughly, not necessarily the exact figures. Would you have anything on that, Mr. Pickard?

GEORGE H. BUNTAIN: Speaking for Dosco, last year the local dealers got about 28,000 tons, for industrials about 17,000.

Q 45,000 tons?

A That is in the Charlottetown area.

BY THE CHAIRMAN: Did this 100,000 tons refer to pre-war days or war days?

A No, war days. Consumption is increasing throughout the country because we are getting short of wood.

BY DR. HOWLAND: I notice, Mr. MacMillan, that the public buildings here in Charlottetown have gone to oil. Could you give the Commission any background on that, any comparative costs on coal and oil?

BY MR. MACMILLAN: We have oil in this building and the Provincial building; that is the one furnace.

Q How long have you had it?

A We had this before the war and it was shut off for a while and we had coal, and we brought it back again last year. I can't give you the exact figures but oil for the two buildings is much cheaper than coal, because we burn bunker oil, which is cheaper than the refined, and we also have it in Prince of Wales College and the new Sanatorium. We expect it to be cheaper than coal because we buy the bunker oil and put it in the tanks for less than 8 cents.

BY DR. HOWLAND: It was a matter of cost and convenience that caused you to put in oil rather than coal in lack of supply?

A Yes.

BY COMMISSIONER MORRISON: Are you suggesting that oil at 8 cents a gallon is cheaper than coal?

A We find it more economical. Of course they tell you it takes 110 gallons of oil to take the place of a ton of coal, but since the war it has gone up pretty near \$2 a ton.

Q And during the war you weren't able to get oil?

A Not for these buildings, no. We got it since.

Q And then you had to fall back on Old King Coal?

BY DR. HOWLAND: You also say here, Mr. MacMillan, "During the war period there were 103 oil burning furnaces in operation." Is that domestic?

A Mostly, yes.

Q And then you say, "This number will now be increased by 29."

A That is the information I got from the oil companies.

Q Are they new installations, or going back into operation?

A Most of them are going back into operation, but I understand from the companies they have a great many applications for new installations.

BY COMMISSIONER MORRISON: How do you expect the coal dealers and the coal producers to exist just as a mere convenience for people who put in oil when it suits their purpose and then have to fall back when they are freezing to death on coal? It doesn't sound very reasonable, does it, Mr. MacMillan?

A The way it looks this morning, we will have to try to get more oil in.

Q Assuming that everybody in the province of P.E.I. who could converted to oil?

HON. MR. JONES: But most people in P.E.I. would fall back on wood, the domestic users.

Q But that is not what Mr. MacMillan said; he fell back on coal. And the mines went out of business and you couldn't get your oil supply?

BY THE CHAIRMAN: As a matter of fact, the people who continued burning oil in our province were better supplied with fuel than the people who changed from oil and went into coal.

HON. MR. JONES: They are both coming in by rail now and you are just as apt to get one as the other. A point I would like to see come out, and which may be overlooked if I do not interject it here, is that half of Prince Edward Island is only a few miles from the coal mines and used to have coal transported here at \$1 a ton across the Straits up till very recent years by schooner and now we have to bring it the whole way about by Borden, with an extra charge on the ferry.

BY COMMISSIONER McLAURIN: That is a wartime situation, is it not?

A Oh well, we will always have that situation. These people who haul coal are now getting \$4 a ton for hauling. You could

enlarge on that, Mr. Poole.

MR. POOLE: Used to get it for \$1 a ton and they want \$6 now.

BY DR. HOWLAND: Mr. MacMillan, can you tell us anything about the consumption of wood and coal here?

A No, I can't.

BY DR. HOWLAND: I suggest that we might call Mr. Poole, who knows something about this freight rate problem, and he could probably state it reasonably clearly to us.

L. H. POOLE, of Poole & Thompson, Montague. Examined by Dr. Howland.

Q Would you mind telling the Commission something of the problem as to this freight rate problem? If you would start with the coal at the various mines that you purchase from, and the other dealers, and just show us where this discrimination that you think is there, explain it to the Commissioners.

BY COMMISSIONER McLAURIN: Start in 1937 and give us the history.

A Pre-war we brought our coal all in by water for \$1 a ton from the Sydney section and 80 cents from Pictou.

BY DR. HOWLAND: Is that Acadia?

A Acadia mines, Pictou Landing, by water.

BY COMMISSIONER McLAURIN: And Springhill?

A Springhill has no water connections.

Q What would the rate be there?

A It always had to come through by rail, around by Borden.

Q How did that rate compare?

A \$1.70 from Springhill to Montague.

Q They didn't have a competitive rate?

A There used to be quite a few sailing vessels and small boats taking about 150 tons. It is the Acadia mines that is \$1.70; Springhill is \$1.40. And since the war broke out vessels got scarce and freights went up; getting as high as \$14 a ton to take coal to Newfoundland and \$6 to the Magdalen Islands; got up that they are asking for \$4 a ton to take it to Montague,

whereas rail freight from Sydney to Montague is \$2.20, so we just absolutely had to fall back on the railroad to get it here.

BY DR. HOWLAND: And what are the present rates on those hauls that you mentioned?

A The same rate on rail. There has been no change in the rail rates.

BY COMMISSIONER McLURIN: What is the rail rate from Sydney to Charlottetown?

A \$2.10, I think, to Charlottetown, and \$2.20 to Montague.

Q What about Summerside?

A It would be \$2.10 to Summerside, and after Summerside it goes up 10 cents a ton.

Q What would the Acadia rate be, Pictou and New Glasgow?

A \$1.70 and \$1.60, 10 cents a ton difference.

Q Springhill?

A \$1.40 to Montague, \$1.30 to Charlottetown.

Q And that is the way all your coal is coming in here now, except some infrequent and occasional water movements where the rate is \$4 a ton?

A Where the odd vessel happens to be coming over and we can get a special rate on it. If they happen to be coming this way empty and can get a load of coal they will take it.

Q At what price?

A It depends on the bargain you can make with them.

BY COMMISSIONER MORRISON: They have no published tariff?

A No.

BY COMMISSIONER McLURIN: And you can't rely on that movement?

A You can't rely on it at all.

BY COMMISSIONER MORRISON: What you are complaining about is \$1.20 extra per ton?

A Yes, from Sydney, but I understand that the mileage rate from say Sydney to Charlottetown is higher on the same mileage than it is to any part of New Brunswick or Nova Scotia on account of our ferry system here.

Q Does this Maritime Freight Rates Act apply to that \$1.20? Is that the net you are talking about?

A That is the net we have to pay.

HON. MR. JONES: At Murray Harbour, a point within 30 miles of the Acadia mines in a direct line, you still have to pay this freight to go around by rail, but it is just a jump across, a few hours with water transportation. There is no ferry there, no adequate ferry at the present time to handle this coal.

BY THE CHAIRMAN: Do you expect that the pre-war days, so far as transportation by vessel from Nova Scotia here, will return?

A I don't think so. There are not more than 20 or 30 of those old schooners about now and they are becoming antiquated and giving way to diesel power.

MR. POOLE: Not more than five or six of them.

HON. MR. JONES: Five or six? Is that all? Going down fast.

BY COMMISSIONER MORRISON: These ferries are operated by oil too, are they not?

MR. MacMILLAN: Yes.

Q Who operates that ferry?

A The Canadian National Railways.

HON. MR. JONES: They operate the Borden ferry and a private company operates the Wood Island ferry.

Q And they are both operated by oil-burning equipment?

A Yes.

BY DR. HOWLAND: Mr. MacMillan, who would be able to give the Commission some indication of the types of coal which in normal peace-time periods reach Prince Edward Island, anthracite as against bituminous, and the trend, if any, toward stoker equipment for bituminous coal, and so on? Would Mr. Pickard be?

MR. MacMILLAN: I think Mr. Pickard and the dealers could give us a pretty good idea of that.

A. PICKARD, of A. Pickard and Company, coal dealers, Charlottetown.

BY DR. HOWLAND: I think the Commission should have some idea of

the amount of anthracite and the various types of anthracite and bituminous coal, and if you would indicate to the Commission any trend in the coal market here which would be useful in their consideration of Prince Edward Island as a market for coal in the future.

A Well, sir, I understand the purpose of the Commission is to find a market for coal, especially for Nova Scotia coal, and you will want the Island people to help buy a good portion of that coal, is that the idea?

BY COMMISSIONER McLAURIN: No, not necessarily.

BY DR. HOWLAND: I think for the Commission purposes, Mr. Pickard, if you would try and give us a picture of coal consumption and any other relevant material from say 1938, and any trends in that that you can foresee from your experience as a dealer.

BY THE CHAIRMAN: We would like to get some idea of what other coals they get, other than Nova Scotia coals.

A Well, previous to the outbreak of war we handled considerable Welsh anthracite coal, and our people like that because it is clean and they don't seem to mind the expense in order to get good coal for their furnace use.

BY DR. HOWLAND: What percentage of domestic consumption would be anthracite, pre-war?

A About 7,000 tons of anthracite. More than that, at least 10,000 tons.

Q Out of a total of what for domestic consumption?

A About 80,000 tons for domestic consumption in the Island.

The Nova Scotia Report of the tonnage shipped from the mines --

Q What report?

A The Department of Mines. And in order to increase the sale of Nova Scotia coals to the Island, I think our people will buy it all right if it is properly prepared. Take some of the mines, they don't screen it very well and they ship a lot of stone and we have to pay freight on it and our customers

are very much dissatisfied with that class of coal.

BY COMMISSIONER McLAURIN: You are now speaking of wartime conditions or --?

A That applies at all times.

BY DR. HOWLAND: American anthracite?

A We handle considerable of that.

Q How much?

A About 3,000 tons of American anthracite.

Q What about the Scotch anthracite, or are you including that all in the Welsh?

A Some years ago we did get Scotch, but for 8 or 10 years we didn't get Scotch, but we still got Welsh.

BY COMMISSIONER MORRISON: When you talk of Scotch you are still talking about anthracite?

A Yes.

BY DR. HOWLAND: Why were you not able to get Scotch anthracite?

A The companies said they had no Scotch anthracite to spare.

Q That is the ---?

A Scotch Anthracite Company.

Q Of Montreal?

A Yes.

Q Is there any exclusive distribution of Welsh anthracite here? Are there exclusive agencies here?

A No.

Q Any dealer can get it?

A Not necessarily. Cunard and Company of Halifax represent the American markets and the firms in Summerside and Charlottetown buy through them.

Q Through Cunard at Halifax?

A Yes.

BY COMMISSIONER MORRISON: And any dealer who can pay for it, can he get this anthracite put in his bin?

A At the present time ---

Q No, I am talking about pre-war days?

- A Any dealer that can pay for it I would say can get it--and can handle the cars. It is necessary to have facilities for unloading.
- Q Now something else about this Welsh anthracite, did these Montreal wholesale firms send representatives in to Prince Edward Island to canvass for that kind of business in pre-war days?
- A They did. At one time the American collieries seemed to have a monopoly of that in this district.
- Q And it was not a question of selling as much as trying to buy?
- A And getting the right size ships to carry it.
- Q Lots of ways of choking a cat besides choking him with butter.

BY DR. HOWLAND: Are the wholesale and retail dealers here separately organized, or do you tend to be both wholesaler and retailer? Take Charlottetown.

- A Well, Buntain and Bell are agents for Dosco. All their coals must be purchased through their agency. The smaller mines like Standard and Bay View, their agents come from Amherst, Nova Scotia, and take orders from the dealers and in that way they have no local agents.

- Q And the anthracite? The anthracite you import from Cunard?
- A Not the American, only the Welsh.
- Q What about the American?
- A We have the agency of the D.L. & W. coal company; we get all their coal; and Cunard and Company sell considerable here.

BY COMMISSIONER MORRISON: Now do the dealers in Charlottetown make any attempt at sizing or screening the coal after they take delivery of it here? Do they sell it as they receive it?

- A Well, all the Welsh anthracite, we screen it before we send it out. There was considerable slack and there was a market for the slack coal, the stokers.
- Q That is before Mr. MacMillan put the oil in public buildings, was it?
- A Yes. Some people make mistakes, and I think they made a mistake in putting oil in when they could burn coal.

W.

-3436-

A. Pickard

Then on the other hand the coal for stoker use should be oil-treated to make it dustless. I think Mr. Florian told me that Springhill did intend to treat their slack coal.

BY THE CHAIRMAN: You know what the old wise man said about intentions and pavements and that sort of thing? Their intentions may be good this time.

BY DR. HOWLAND: Any other coal?

A At least 15,000 tons of Yorkshire bituminous coal brought in.

Q What year was that?

A Previous to the war.

Q What was that for?

A Domestic use.

BY COMMISSIONER MORRISON: You didn't speak of the trend. Mr.

MacMillan said something about oil companies having applications for 29 new installations.

MR. MACMILLAN: I said they had applications for many more besides.

BY COMMISSIONER MORRISON: What about stoker coal? Have the

dealers here ever attempted to show Mr. MacMillan, the Deputy Minister of Public Works, that by putting in stokers and giving them especially treated dustless stoker coal they would save the Province a lot of money by heating with coal, and giving good service? Have they ever considered that aspect of the coal trade?

A Well, the Government ---

Q I am not criticizing the Government; I am criticizing the coal dealers of Charlottetown. What have you done as a sales job to help yourselves?

A Our Government here are very economical.

Q Well, being economical and knowing full well they are--and more credit to them--the oil companies go to them with a proposition to heat these buildings with oil. Now you are still in the coal business. I am asking you what have you done to offset that by showing the economical Government that you could beat that by putting in stoker equipment and giving them stoker coal properly treated?

Q We haven't done anything in the line of treating with calcium chloride or oil. We left that to the coal companies.

Q No, but you can see what I mean. Here is an economical government--and more power to them--putting in oil to heat these buildings, which is at least a good account. It is cash on the barrel head, I would say. Now no doubt the representatives of the oil companies, being good salesmen, sold them. What have you done to offset that, to retain that business for coal?

A We have to confess that we have not done anything in that line.

MR. BAKER: We are having sufficient trouble to get sufficient coal to carry on without looking for more business. At the present time there are more miners employed in Canada than at any other time in history.

Q What is that?

A That is what they tell us.

Q Whoever told you that didn't give you the right information.

BY THE CHAIRMAN: More coal miners in Nova Scotia the first year of the war than were ever there before. I don't say they are coal miners.

MR. BAKER: They only work four days of the week; the other two days go to Mr. Ilsley. We thought seriously of applying to Mr. Ilsley to put them in a class by themselves, to eliminate any form of income tax for a year until we got sufficient coal to carry on.

HON. MR. JONES: The largest building the Government has is still heated by coal. I don't think there is any intention of changing.

MR. MACMILLAN: We have stokers in all public buildings and we were buying slack coal pretty reasonably, but as the consumption went up the price went up.

HON. MR. JONES: And the class of coal you were getting ---

BY COMMISSIONER McLAURIN: You had stoker equipment in the public buildings?

A Oh yes, we had it in all the buildings.

MR. PICKARD: Our greatest trouble now is getting the coal.

Talking about Falconwood Hospital, we should have about 1,000 tons of Springhill/^{slack} coal out there now for them and we have only got 60 tons, and our trucks are idle waiting for that coal to come.

BY THE CHAIRMAN: Do you know if there is any directive supplied by Coal Control as to their distribution of coal in Springhill?

A You mean from the Coal Controller? There is no directive that I know of for soft coal; they do issue directives for anthracite.

Q One of your complaints is that you are not getting your supply at a time when you should be getting it?

A I think Mr. Florian could supply that information.

MR. FLORIAN: We have a directive from Ottawa asking us to set aside 3500 tons, I think, of Springhill coal for the provincial buildings in Charlottetown, and I think we will have that by the latter part of October. That is Springhill.

BY THE CHAIRMAN: That is the only place you represent?

A Springhill, Old Sydney, Dominion--Dosco coal.

BY DR. HOWLAND: To complete your picture, Mr. Pickard, what about the wood situation in respect to coal? What is the trend?

MR. PICKARD: There is considerable wood burned in the rural sections. Between 10 and 15 per cent probably in the rural districts burn wood.

Q And is that likely to remain the percentage?

A I would think so. The labor situation has interfered somewhat with getting wood cut.

HON. MR. JONES: The use of wood will increase due to the ravages of a worm in the birch trees. Farmers will be using up the large timber.

BY COMMISSIONER MORRISON: How is the supply?

A I would think in Prince Edward Island 5% of the heat is supplied by wood.

BY COMMISSIONER McLAURIN: The reserves?

A About 40% of Prince Edward Island is still forest, and most of that forest supplies wood. Hardly anybody in the country burns coal in summer time; merely in the cold weather in winter to supplement the wood. Of course there are a few districts where there is no bush nearby, they burn coal.

BY COMMISSIONER MORRISON: So the picture as far as wood supply is concerned in future is fairly secure for some years to come?

A Yes. Bush is not being cleared away any more in Prince Edward Island. The lands are cleared as much as we decided to have cleared.

BY THE CHAIRMAN: I wanted to ask Mr. Florian, what mines outside of Springhill and the Old Sydney serve Prince Edward Island with their coal, I mean in your group?

A It is practically Old Sydney and Acadia and Springhill.

Q Well, is there any shipped from the Glace Bay area?

A Yes, when we don't have anything else available, sir. We did at one time send over some Dominion, but we get it whenever possible from Springhill, Old Sydney and Acadia.

Q What preparation plant have you got at the Old Sydney collieries?

A Just the screening plant.

Q You have a little better at Springhill, I believe?

A Well, we have a smaller screen at Springhill.

BY COMMISSIONER McLAURIN: You have a cleaning plant at Springhill?

A A washing plant, the egg and nut.

BY DR. HOWLAND: Mr. Pickard, in the submission here we have a submission that "Coal should be shipped to the province and stored by dealers in the early summer at a lower price for the May, June and July shipments, to cover cost of handling." What is your reaction to that?

MR. PICKARD: I was always of the opinion that the coal companies, in order to keep the miners working in the summer months, May, June, July, that if they offered dealers who have the yard

room, facilities for handling a quantity of coal, that they should offer some inducement, a sum sufficient to cover the cost of handling the coal so that the dealers could store it up for the winter, and that would assure us of a supply for the winter, and it would help the miners, I would think, to keep working more than two or three days a week, and also it would benefit the railroad and the car ferry; they wouldn't have such a heavy load to carry in the fall when potato shipments are on--relieve the congestion.

BY COMMISSIONER MORRISON: Are you in the retail business?

A Yes.

Q Wholesale as well?

A Well, we take any kind of business.

Q You mean you take any kind of a spread?

A Well, we ourselves could store 4,000 or 5,000 tons of coal.

Q Are you familiar with the price spread that retailers enjoy in Prince Edward Island?

A No. You mean the profit that the dealer gets from the wholesaler? I think it is about 25 cents.

Q I am not asking you what it is at the moment, but do all dealers enjoy the same spread as far as you know?

A Yes, I think coal is sold by all dealers at about the same price at retail.

Q Now would you file a memorandum with the Commission showing what spread the dealers enjoy, both wholesalers and retailers, on the various sizes and types of coal that you sell?

BY DR. HOWLAND: Would that be for Mr. Pickard himself?

BY COMMISSIONER MORRISON: For the whole group.

A Perhaps some of them would not like to tell you what it is.

BY COMMISSIONER MORRISON: It is not a question if they would like to tell us. Every other group has told us, and I think it is correct to say if they don't do it voluntarily ---

BY COMMISSIONER McLAURIN: The reason you are suggesting it be filed is so that it not be made public?

BY COMMISSIONER MORRISON: When you came out with your 25 cents I said I didn't ask you that. I asked all the dealers to prepare a memorandum and file it with us so that some of you gentlemen would not tell your own spread to others, and you would not know others.

BY MR. BAKER: I think the Department has that information.

BY COMMISSIONER MORRISON: This Commission desires it.

BY THE CHAIRMAN: Which department?

BY COMMISSIONER MORRISON: Coal Control. Will you undertake that, Mr. Pickard?

MR. PICKARD: Yes.

BY COMMISSIONER MORRISON: And the other dealers.

BY DR. HOWLAND: There are some economics on this question of storing coal. What price differential would you suggest would cover the cost which I imagine you would have in storing and investing capital in May for winter supply of coal? What difference in price would you suggest would be necessary to cover your higher operating cost?

A Well, I think we should have about 75 cents, but if the companies would offer some inducement, 50 cents ---

Q Between 50 and 75 cents would cover what you think is the increased cost on handling?

A That's right.

BY COMMISSIONER McLAURIN: Is your idea to get that coal in and try and get ultimate consumers to buy it up and hand on the benefits to them on the early summer purchases?

A That would be in order.

BY DR. HOWLAND: Have you tried to get the companies to do that in pre-war years?

A Yes.

Q And what was their reaction?

A We didn't succeed.

Q Did they tell you why? I mean at times like that is it true that Dosco would then be shipping its maximum quantity up to

Montreal? Is that the reason, or did they give any reason?

BY COMMISSIONER McLAURIN: I think the reason is that that finally rests with the ultimate purchaser. If you could get the ultimate purchaser to take coal in May and June you could make that allowance without breaking your price structure. I wouldn't think Dosco could give you 50 cents a ton for movement during that period, and somebody else not taking it and disrupting their price structure for the whole area. You get the ultimate consumer taking coal in May and June, then they can give a price across the board. It applies not only to Dominion, but to American coal companies. The idea of customers taking coal in early summer months has been up again and again.

A American coal mines usually start a price in April and advance 10 or 15 cents a month over four or five months.

BY THE CHAIRMAN: Did you make your suggestion to the coal operators prior to the war or since the war, about giving you a cut?

A We haven't made any suggestions since the outbreak of war.

Q That is what I mean. Your suggestions came before the war?

A Yes.

BY COMMISSIONER MORRISON: Your cost of operation would be just as high in May, June, July if you were storing the same tonnage as it is in October, November, December, would it not?

BY COMMISSIONER McLAURIN: Except that Dosco has got the money.

BY COMMISSIONER MORRISON: The cost of operating your coal business is just as high during the months of May, June and July as in October, November and December if the same tonnage is being sold in the respective months?

A The same, yes.

MR. BAKER: If anyone stored 3,000 tons of coal in May and sold it the following January he certainly would take a trimming on that.

BY COMMISSIONER MORRISON: Now do you ever have any trouble among yourselves about cutting prices?

A We don't in Summerside.

BY COMMISSIONER McLURIN: You are speaking of a degradation loss over that period?

MR. BAKER: Yes.

BY COMMISSIONER MORRISON: You don't have any trouble?

A The trouble is to get enough coal.

Q I am talking about pre-war days?

A Yes, there was; I would say so.

Q Now in those days after you agreed on a proper price for coal did you experience any difficulty among each other trying to corner the little business there was?

A We were all operating for profits and if the other fellow wanted to sell it cheaper it was better to let the other fellow do it.

BY THE CHAIRMAN: Is there any agreement between the coal dealers here that the price of coal should be so and so?

A Wouldn't that be sort of a combine?

Q I think you agreed with Mr. Morrison, tentatively anyhow, that there was an arrangement among the coal dealers here on the price of coal for a certain period, then some of them used to break out and sell their coal cheaper. Now is there such a thing as an agreement or an arrangement? I am not looking for any criminal evidence against you at all. Is there such an agreement, that the price of coal for any particular period shall be so and so--\$10, \$11, \$12?

A After Joseph Read and Co. Ltd., Holman's competitor, they had appointed one or two to the staff, this young fellow, supposed to be manager, asked me what we were getting for certain coals. I told him. He said, "That's all right. That's what we get."

Q That's all? No agreement, but the answer that had been given almost led me to believe there was an agreement.

BY COMMISSIONER MORRISON: Frankly I don't think they are breaking any law if they tell each other what their prices are.

MR. PICKARD: My idea of storing the coal was that if we had a quantity of coal in our yard we would know how much we could sell.

BY COMMISSIONER McLAURIN: That is a wartime situation, isn't it? Take 1937. You knew in 1937, you could estimate what you were going to sell pretty well?

A Oh yes.

Q You know what your market is?

A Yes. When we were getting Yorkshire coal we would get a car-load of 2500 tons, put it on the wharf. It was a pleasure to know it was there and we could sell it and knew that we could deliver it.

Q Couldn't you have got Dominion coal at the same time you were getting Yorkshire coal? I mean you had no difficulty in being able to buy it?

A Well, we had difficulty in getting the quantity.

Q In 1937, 1938?

A I don't know about that.

Q I may be stupid about it but you were only getting Yorkshire coal in 1937 and '38, so I was talking about the domestic condition.

MR. FLORIAN: There was never any trouble to get as much Springhill as they wanted in those dyas.

MR. PICKARD: I don't agree with that.

MR. FLORIAN: We would always give you all you wanted in those days. We were looking for business then.

COMMISSIONER McLAURIN: Surely. Nova Scotia coal was in long supply. They would hug you if you gave them an order.

BY DR. HOWLAND: Is that so, Mr. Pickard?

MR. PICKARD: Nobody ever hugged me.

BY COMMISSIONER McLAURIN: Of course I suppose they could turn a hug into a bear hug that might suffocate you.

BY THE CHAIRMAN: Was it your complaint that you weren't getting it in sufficient supplies, large supplies at a particular time?

You spoke about having 2500 tons of Yorkshire. When you said it was nice to have that there and know you could supply your people did you mean by that you had a complaint that you were not getting other coals in sufficiently large quantities to assure a supply over a certain period?

A No.

BY COMMISSIONER McLAURIN: What you wanted to do was to get Nova Scotia coal in equivalent quantities to the Yorkshire, but if you were going to put it in in May or June you thought you should get a discount for taking it that soon, but you couldn't get a discount so you wouldn't take the coal?

A That's right.

BY COMMISSIONER MORRISON: How did the price on this Yorkshire compare with Nova Scotia coal that year?

MR. FLORIAN: When I went up to Mr. R. T. Holman's in Summerside they said the only coal they could make money on was Yorkshire; couldn't make money on our coal.

BY THE CHAIRMAN: I don't know that there is anything wrong in telling us what you were paying for Nova Scotia coal and what you were paying for English coal.

MR. BAKER: In the first place we got it hauled to Summerside from Yorkshire for \$1.50 a ton and we had to pay \$2.10 from Sydney, and it was prepared properly. We had hollers from the Dominion Coal Company. We took them down and said, "See that pile of Yorkshire coal. See the condition it is in." He said, "I can see why you buy it."

Q What was the difference in price?

A I think it would be about \$1.50 less than Sydney.

Q You would have it delivered there \$1.50 less than Sydney?

A Yes.

BY COMMISSIONER McLAURIN: What year would that be?

A Anywhere from '32 to '39.

Q And what were the defects in the Sydney coal? Bone?

A Slack coal.

BY COMMISSIONER MORRISON: Not properly sized?

A Not properly sized.

BY THE CHAIRMAN: And I heard somebody saying it also contained slate.

BY COMMISSIONER McLAURIN: That is what I was wondering.

MR. BAKER: The Old Sydney coal is pretty well taken care of as far as stone. It is very seldom you get any quantity of stone in Old Sydney coal.

BY THE CHAIRMAN: That is the reason that I asked the agent what mines were supplying coal. I understand they do give a fairly good coal from the Old Sydney Collieries, but don't get that mixed up with hundreds of other mines they have down there, and I think it was this gentleman here who made the statement that they were paying freight on stone, so to speak.

MR. PICKARD: I was thinking more of Inverness.

BY DR. HOWLAND: Mr. Jones has one other point he would like to put on the record.

HON. MR. JONES: I just thought before I leave here--I shall have to go very shortly--that there was one thing that might not be mentioned at all, and that is there is a movement of coal from Pictou County, Nova Scotia, particularly to the eastern end of Prince Edward Island by trucks direct from the mines to the house. I can't give you the quantity, but from 1,000 to 2,000 tons come in every year.

BY THE CHAIRMAN: That is John W. MacLeod's mine?

A Any mine at all. If a truck is coming back empty they will load up with coal for the farmer and the farmer gets it direct to the cellar. They get their truck across the Strait for a matter of about \$5, and the ferry is only 20 miles from the mine in Stellarton. I thought that should go on the record, because if the ferry were adequate there is no doubt at all that that movement by truck from the mines to the farmer's house would grow in volume tremendously, as some parts of Prince Edward Island are only 30 or 40 miles from those mines.

BY THE CHAIRMAN: We want to thank you especially, Mr. Premier, for giving your time and attention here. Is there anybody else wishes to say anything, to make any complaints or issue any compliments to the coal trade? If not, I think we are about through. I want to thank the coal dealers of Prince Edward Island for taking an interest in this thing and coming here and expressing their views on the various points that were raised, and I imagine that my two friends want to make a speech on the beauties and glories of Prince Edward Island. They were taken around yesterday to what we were told were the beauty spots, interesting spots, on Prince Edward Island, and I have no doubt that they want to say something for the newspapers on the beauties of this country. I have known of them for a very long time, although I have never been here very often. It may be that this meeting here may perhaps do some good to the consumers of coal in Prince Edward Island and those who serve them. I don't know.

BY COMMISSIONER McLURIN: The Chairman mentioned something about the pleasure of visiting Prince Edward Island. I am very happy to be here. I have to confess it is my first visit; not my first to the Maritimes, but I never succeeded in getting as far as the Island, and it has been exceedingly enjoyable to spend a few days here.

MR. BAKER: I am sure I am expressing the sentiments of every gentleman here when I say we appreciate your coming here and the courteous manner in which you have handled this Commission and the very modest way in which you have asked your questions.

BY COMMISSIONER MORRISON: Thanks very much. I can assure you that while it is my first visit to the Island I trust it will not be my last.

11.15 A.M. - COMMISSION ADJOURNED

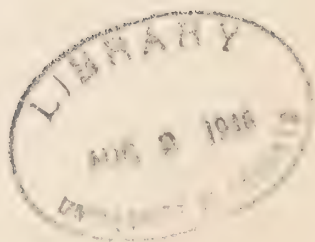
ROYAL COMMISSION ON COAL

Sydney, N. S., Wednesday, Sept. 12th, 1945.

VOLUME XXXIX

Witness: C. B. Wade.....page 3448 to end.

EXHIBIT No. 201 - Submission of District 26,
United Mine Workers of America.



ROYAL COMMISSION ON COAL

Sydney, N. S.,
September 12, 1945.

The Royal Commission on Coal convened at the Court House, Sydney, Nova Scotia, on Wednesday, September 12th, 1945, at 10.00 A.M.

PRESENT:

Hon. Mr. Justice W. F. Carroll, Chairman

Hon. Mr. Justice C. C. McLaurin, Commissioner

Angus J. Morrison, Esq., Commissioner

J. J. Frawley, K.C., Commission Counsel

Robert D. Howland, Secretary

L. A. Forsyth, K.C., representing the Dominion Steel & Coal Corporation Limited.

BY MR. FRAWLEY: The first submission will be the submission of the United Mine Workers of America, District 26, and Mr. Wade, I understand, will present the brief.

Exhibit 201 - Submission of District 26, United Mine Workers of America

MR. FORSYTH: I presume, Mr. Chairman, there are some copies available for the Company?

MR. WADE: Yes.

BY MR. FRAWLEY: Mr. Wade, what is your position in District 26 of the United Mine Workers of America?

MR. WADE: I am the director of research and education.

Q And you will present their brief to the Commission?

A Yes.

MR. C. B. WADE: I would like to mention first, Mr.

Chairman, that this brief is in no way the product of an individual mind; that very great care has been taken to see that it reflects the views and in part the aspirations of the general membership of the Union, and precautions have been taken in that

regard by visits to each Local in the District in Nova Scotia and New Brunswick and very thorough discussions with the mine committees of each local and the executives of each local, so that in that way I think it can be assumed that this brief does reflect the general attitudes and opinions of the membership of the Union. (Proceeds to read Exhibit 201):

P A R T I

COAL AND THE NATIONAL ECONOMY

"Coal is the lifeline of modern industry and commerce, and indeed of all civilized existence.

"It is no exaggeration to say that the economic and social welfare of any group of people is directly dependent upon its assurance of an adequate supply of coal and the chemicals, energy and heat which coal makes available. This is particularly so in a region as vast as Canada, with its diverse geographical and climatic characteristics.

"For convenience, we may refer to a recent study on coal by Dr. Glen L. Parker, published in 1940 by the American Council of Public Affairs, which opens with the following statement:

'Coal has played such an important part as an energizer in the development of modern industry that the present era has been designated, not inaptly, the "Coal Age". Instead of calling this the "Age of Iron", W. Stanley Jevens, as early as 1865, insisted that the era rightfully should be called the "Age of Coal", for without coal, he proclaimed, we would be thrown back "to the laborious poverty of earlier times."

'Within the calculable future neither engineering nor pure science offers any adequate source of energy to supplant coal. While the ultimate possibility of deriving energy from sun rays and latent atomic force in commercial quantities may be granted, there is no immediate prospect of being able to draw on these without having to pay more than for coal.' "

I should like to pause there and comment that that statement might require some modification in view of the developments of the last few months. Whatever modification is required I will discuss later in the brief. (Continues brief):

" 'All experiments have tended to prove that the untapped energy sources are definitely low-grade as compared to water-power and fossil fuels. Scientific knowledge seemingly will not be able to

compensate for physical resources in this field.'

"Coal, it may be said, is the driving energy of our transport system by means of which commodities and goods of all kinds are carried and delivered throughout Canada. It enables the exchange of manufactured articles for food products; it delivers exports to shipping ports and receives imports for inland distribution; it supplies equipment and warmth for the factory, office, farm and home; it protects the warehouses which store our goods; it makes metallurgical operations possible; it is the raw material of the steel and iron industries; in its domestic use, it provides for the very basic human needs of warmth and light, the furnace and the stove.

"To a degree, which cannot be said of any other commodity, coal is basic to modern industry, making work possible and enabling leisure to be enjoyed. Coal, to the modern economy, is what grain is to the food needs of a people.

"In contrast, grain, with few exceptions, can be grown or adapted wherever soil can be cultivated and its supply can be renewed from year to year, but coal, on the other hand, is a diminishing resource and it is available only in such quantities and varieties attended by such cost or difficulties in production or transportation as the vagaries of nature arbitrarily determine.

"It goes without saying that a resource of that character and importance is the concern of the whole nation, to be used as, and when, the national interest so dictates. It follows that any problems or potential benefits inherent in or accruing from the production or use of coal are essentially the problems and interests of the entire nation.

"If this was not sufficiently recognized earlier, it is due to the fact, in the main, that the private ownership of coal rights had established its roots before the full importance of coal in a modern economy was recognized. Certainly, as society has become more industrialized, and as the importance of any

pivotal commodity or service has become clearer, the state has not hesitated to take such legislative or administrative action as it deemed necessary to adapt or use such commodity or service for the benefit of the people as a whole. In respect to coal, however, property rights have so far remained deeply entrenched. As a result, its career, and too often its waste, have been determined by the profit motive or by financial consideration.. Too few have controlled, and sometimes injured, the interests of so many.

"It is not without significance that, as the vital need of coal in an industrial society became more clear, insistent demands were pressed for measures of social control which ranged from elementary safety or humanitarian provisions to demands for outright expropriation by the state. The recent developments in this regard in Great Britain, the moter and home of modern industry, is culminated in the movement there, reflecting the realization, firstly, of the vital role of coal in modern society and, secondly, of the chaos and damage to the national interest if coal is regarded merely as a commodity to be produced and sold if, as, and when the profit interest of a private entrepreneur so directs.

P A R T 2

SCOPE OF COMMISSION

"It is equally significant that here in Canada, as we have developed to an ever expanding industrialized economy, and that as the prospect of an early and victorious end to the war became clearer, the Government decided that in the national interest this Royal Commission on Coal should be constituted so that the whole problem could be dealt with as an essential part of a Programme of Reconstruction"--that is a National Programme of Reconstruction. "That fact, itself, reflects the basic importance of coal in a progressive and developing society.

"It is no less significant that the terms of reference which constitute this Royal Commission direct the Commission to

enquire into and report upon 'the problems and matters pertaining to the coal industry in Canada', - a reference as broad and extensive as the very place and value of coal itself. It is even more significant that the term of reference request the Commission, not only to enquire generally into the subject of coal and report upon it, but with due regard to the 'anticipated post war conditions and the probable future development of Canada'.

"Thus, the very terms of reference constituting this Royal Commission make it clear that the question of coal is a subject which can only be dealt with as an integral part of the economy as a whole, having regard, of course, to the 'anticipated post war conditions and the probable future development of Canada'.

"It is our submission, therefore, that the task of this Royal Commission, if we may so put it, and, also of those who participate in these proceedings, is that of estimating, upon the basis of the information available to us, firstly, 'the anticipated post war conditions' in Canada, having regard to its 'probable future development', and secondly, the relationship of the particular subject of coal to such post war conditions and such future development of Canada.

"We venture to state that we believe that the Commission will agree with this view and to hope that we may be of some assistance to the Commission in the discharge of the important responsibility thus resting upon it.

"We trust that it will not be improper to point out, even at the outset, that the people of Canada, as they step over the threshold of the new post war world, are waiting for, and that they will be influenced and guided by, the Report and Recommendations of this Royal Commission.

P A R T 3COAL IN RELATION TO A NATIONAL OBJECTIVE
OF EMPLOYMENT AND INCOME

"The full employment of the energy and skill of coal workers, and the full utilization of the efforts and training of management in the coal enterprise, will be one factor only, although an important one, in contributing to an effective national programme of employment and income. The full role of coal, however, and that of the coal industry, is inevitably experienced rather as an effect than a cause. It cannot be made too clear that the coal industry of a nation is the mirror of the economy of the nation.

"This is necessarily so because of the 'service character' of coal. It is not an article which is consumed for the direct pleasure or satisfaction it gives to the consumer. Indeed, the coal purchaser is a consumer only to the limited extent to which coal is used for heating, cooking, or other home needs or comforts.

"In every other respect coal is a 'service' or 'enabling' medium. It is an essential raw material of the industries which make up an industrialized society. It is obvious to all of us that the effective demand for coal is determined, in the main, by these other industries, by the effective demand for steel and iron, by those who make the machinery by means of which commodities are manufactured, by those who manufacture such articles, by those who construct factories, office buildings, warehouses, farms, buildings or even homes, by the by-product and chemical industries, by the manufacture of plastics, and even by the newer manufacture of materials for clothing. All these and many other functions in a modern economy use coal and determine its demand.

"As a result, the use of coal, and correspondingly the question of coal, is related directly to the soundness of the economy as a whole. Price is not the determinant, nor is it a causal factor in the utilization of coal. The use or non-use

of coal, its production peak or depression drop, reflect the economic soundness of the nation.

"If the nation is economically active, if it is well served by its economic enterprises, if the national income is at a proper level and fairly distributed, coal will be used - because economic activity cannot go on without it. Correspondingly, if the economic organs of society are not functioning effectively, or if their service to the nation is hampered, coal will not be utilized and it will appear that coal is not needed. A depression can force the price of coal down with dire results, of course, for those whose livelihood is dependent upon the amount of coal which is used, but cheap, or even cheaper coal, cannot cure the problems of those who are engaged in producing coal or of those whose depressed economic situation is reflected by a diminished use of coal. National income and an effective expanding national economy - not the price of coal - are the factors which determine the use of coal."

I might add that that obviously refers to the use of coal in toto, and is not suggesting that whether or not a competitor shall get a greater share of the market is not determined by price. Obviously it is, but we are suggesting that the total consumption of coal is not determined by price. (Continues brief):

"This fundamental fact verifies and reinforces our submission that the problem of coal is one which is necessarily national in its scope and significance. A sound national economy, and an adequate properly distributed national income, constitute the foundation of any effective programme for the supply and use of coal.

"In view of this relationship between coal and the national economy we cannot deal with the coal question until we have examined and considered the probable post war conditions of Canada and its anticipated future development. We propose to proceed upon the basis.

P A R T 4THE POST WAR OBJECTIVE OF EMPLOYMENT
AND INCOME

"Some things stand out so clearly that all of us can observe and recognize them. To begin with, the outstanding 'condition' of the post war period which is now before us, and of the 'future development' of Canada, is the intensive industrialization of the country. Veritably, our economy has been transformed. This process of the industrialization of our economy, gradual and not too distinct before 1914, was powerfully stimulated by the Great War of 1914-18. It receded, but did not completely return to its former norm, during the years following the last war. More particularly, though, the industrialization of Canada and its people has been intensified during the six years of the war from which we have now emerged.

"A second 'condition' which stands out for all of us to observe and recognize is the determination of people generally that the insecurity, the under-employment and the un-employment, which, after the last war, deteriorated, and in great part destroyed, the health and well-being of the people, shortening the lives and certainly undermining the effectiveness of the nation's most expensive expendables, will not be permitted to occur again. Concrete experience has convinced the overwhelming majority that we have the means and the skill to provide a proper standard of living for everybody. As a consequence, there is a general insistence that we utilize these capacities as fully and effectively in the war against poverty and insecurity as we used them in the war against Fascist aggression.

"It is in conformity with these dominating conditions, of a post-war Canada and their accompanying active consumer's desire for more and better goods, paralleled by a common demand of the right to be employed and to be properly paid so that a sufficient supply of goods and services can be purchased, that the Dominion Government has recently analyzed the 'anticipated post war conditions and the probable future development of Canada'.

"This analysis is to be found in the over-all plan of employment and income in Canada set out in the 'White Paper' of April 1945, presented to Parliament by the Minister of Reconstruction, and in the 'Proposals of the Government of Canada', presented to the Dominion-Provincial Conference on Reconstruction in August 1945.

"The government's forecast of post war employment and income, to which any coal programme must necessarily be related, is best described by quoting first the opening sentence of the Foreword of the 'White Paper' of April 1945 as follows:

"The ultimate aim of all reconstruction policies is the extension of opportunity, welfare and security among the Canadian people.'

"We submit that the matters which this Royal Commission is asked to enquire into and, more particularly, report upon and recommend, are, likewise, those matters and policies which will most likely and effectively assure.

"The central task of reconstruction, in the interest of the armed forces and civilians alike, must be to accomplish a smooth, orderly transition from the economic conditions of war to those of peace and to maintain a high and stable level of employment and income. The government adopts this as a primary object of policy.'

"We submit that the 'central task' of this Royal Commission, likewise, is the recommendation of a policy of which 'the primary object' is:

"to maintain a high and stable level of employment and income.'

"and we venture to emphasize that only such a programme can serve the national interest, including those engaged in the production and supply of coal.

"The Foreword then makes it abundantly clear that:

"In setting as its aim a high and stable level of employment and income, the Government is not selecting a lower target than "full employment".'

"Again, we submit and emphasize that the 'aim' of any programme recommended by this Royal Commission must be directed, likewise, to the same target of 'full employment'.

"The objective of 'full employment' is reiterated in the

'Proposals of the Government of Canada' of August 1945. Under the opening heading of 'National Problems and Objectives', the Dominion Government makes the following assertion to the governments and people of Canada:

"It is the responsibility of government to pursue policies that create conditions in which the initiative, energy and resourcefulness of individual citizens can achieve rising standards of life."
(Page 5, Column 1)

"On the following page, and under the same heading, the statement is made that:

"We must look to a very considerable rise in the general level of consumption at home for the employment of manpower and resources released from war. The expansion in productive facilities, the increased skills of the population and the improvements in production methods have created a new range of possibilities. The full realization of these possibilities in advancing the standard of life of every group is the outstanding challenge to our economic system and government policy."

"That programme not only furnishes the basis for the economic activity generally of Canada, but provides the basis for consistent thinking with respect to every integral part of the economy and, certainly, of so basic a commodity as coal.

"It need not be stressed that any proposal or recommendation respecting coal which is not consistent with the national programme above described is a proposal or recommendation which would only defeat the socially necessary objective which the Government, reflecting the will of the people and drawing upon its experience in the war years, has been so careful to propose and announce. Equally, all proposals should be made, and all recommendations urged, which are in harmony with, and thus able to assist the effective implementation of, the objective of employment and income to which the nation has resolved itself.

"The 'White Paper' itself emphasizes the necessity of complete co-ordination with the programme it puts forward:

"It will not be enough," the Foreword states, 'that it is an object of government policy. It must be an object of national endeavor. The active co-operation of all governments and groups in the country (and of government agencies or government tribunals such as this Royal Commission is impliedly included) will be essential to success.'

"Upon the basis of the analysis made in the 'White Paper' of April 1945, and in the later document of August 1945, the 'Proposals of the Government of Canada', what is a proper estimate of Canada's economic activity in the immediate post war period, its corresponding, and the likely, sources of supply of its coal?

"So far as coal is an indicator of economic activity generally, the statistics of coal consumption in the years of the last war, do not furnish us with a satisfactory guide or basis. The war years are obviously affected, in many ways which need not, at the moment, be elaborated upon by peculiar conditions arising out of war. Similar limitations apply to the use of the statistics of coal consumption in Canada in the years between the two Great Wars, ranging as these years did from periods of economic activity to long stretches of 'recession' and 'depression'.

"These statistics are unreliable for another reason, and probably the most important one, and that is the material change in the economy of Canada itself already referred to - its ever growing industrialization. This limits the value of any statistical information based on pre-war years in a less industrialized economy.

"We must also take into account that increasingly, and again largely under the impact of the two Great Wars, scientific advance has discovered new uses for coal and new methods of producing coal, thus helping to offset the competition of other fuels or energy 'media' unless, perhaps, the potential control of the atom lives up to its acclaimed miraculous performance."

I would like to mention there, Mr. Chairman, that we don't know at the moment, as far as the information I have, we don't know when atomic power is going to be harnessed for ordinary, every-day use, industrial, domestic and so on, but that being the case it seems to us that this Commission can only proceed on the assumption that for the time being coal is going to be precisely as important and vital to the nation as

it has been in the past. It may well be that atomic power will be used commercially five years from now. On the other hand it may be 25 years.

BY THE CHAIRMAN: Would you indicate in a word what new methods of producing coal, or what has been discovered for the new uses of coal, during the war just concluded?

MR. WADE: Well, I understand that the United Nations, acting I think collectively, have received formulae from Germany for the production of gasoline at a commercial price, that is a price competitive with gasoline produced from oil, for one thing.

Q That is after the war they are trying to get hold of some of those things, is that it?

A I understand from the press that that information has already been given to the United Nations and that the British government is proceeding to utilize it. That is simply the press; I have no authority.

Q Of course that was known previously, except the one word you indicate there, the "economic".

A Yes, that is the important point. And as for new methods, I have in mind there the large increase in mechanization that has occurred.

Q Of course that wasn't the production of this war. That has been developing down the years. You don't want to give too much credit to the war.

A Though it has received a great deal of impetus, has it not, in the States? (Continues brief):

"These factors - the special conditions of war years, the fluctuation of the pre-war or inter-war economy, the developing industrial economy, the new uses of coal and new methods of coal production - render statistics of coal consumption in previous years less relevant save as they reflect the relationship between an economy of a given standard and the corresponding need for, and therefore use of coal.

"Since the consumption of coal is a reflection of the national economy in general, it is reasonable to proceed upon the basis that the appropriate test of our prospective coal needs is provided by an estimate of our probable or prospective economic activity as a whole."

Mr. Chairman, that question of yours put me off my line of thought. There was one other word I wanted to add on this question of atomic power. It seems to us--again we go on the assumption that coal is going to remain as vital as it now is to the national economy--but it seems to us that we should now spend a great deal more money than in the past for developing new uses for coal, because if atomic power is going to become the sole source of power then the result is going to be, if we don't find new uses for coal, our coal resources will lie idle and some very serious problems of immigration and community adjustment are going to face us. I notice in the press that J. B. S. Haldane in London is already thinking in terms of the possible closing down of some British coal mines.

BY MR. FRAWLEY: After nationalization?

MR. WADE: Yes. Now clearly the one way to offset that is new uses for coal. And then a further point is this, that in view of the tremendous heat that can be generated by atomic power it seems to me as a layman anyway that that opens up a whole new field for the prospective use of coal in other directions, because if heat can now be generated that has never been generated before we don't know what we can do in the way of transforming coal into something different.

BY MR. FRAWLEY: The closing down of a coal mine is something you don't like to contemplate?

MR. WADE: I don't like to contemplate the failure to use any resource, not just a coal mine. I wouldn't like to see iron mines closed down if the nation can use that resource.

BY MR. FORSYTH: Economically.

MR. WADE continues brief:

"There are many general indications of this anticipated post war economy but in view of the fact that official and governmental pronouncements on the subject have been made and that it would be expected that they would be based upon the research data and experience available to the government we deem it appropriate to found our submission upon these official and governmental pronouncements and the analysis contained therein. These are to be found more particularly in the public documents above referred to, namely, the 'White Paper' of April 1945 and the 'Proposals of the Government of Canada' of August 1945. Each of these documents deals specifically with the extent and volume of the anticipated post war employment.

"The 'White Paper' deals with the subject as follows:

"'It is safe to say that they will include more than 350,000 persons.'"

That quotation there, the meaning of it is not apparent. That 350,000 is a reference to the number of persons who will leave employment when the war ends. (Continues brief):

"'...and that the employment of less than 900,000 persons over the level of 1939 would provide a high level of employment for the population of June 1944. As each year passes, this figure will be increased by about 60,000 by the natural increase of population.' (Page 3)

"Similarly, in the 'Proposals of the Government of Canada', of August 1945, the following statement is made:

"'After making allowance for those who will wish to retire and for the withdrawal of many married women from the labour force to maintain a high level of employment we should have opportunities for about a million more jobs in peacetime production than existed before the war. This is the magnitude of the task involved in the achievement of a high level of employment in the post war years.' (Page 5, Column 2)

"The number engaged in non-agricultural industries as of April 1st, 1939, has been stated to be 2,367,000. Achievement of the objective of 'full employment' means that an anticipated 3,267,000 persons will be employed in non-agricultural industries in the immediate post war years and an additional number of approximately 60,000 in each succeeding year.

"If plans, proposals or recommendations concerning the coal needs of Canada are to be put forward in terms which are consistent with this national objective of employment and income, we must estimate those needs upon the basis of an economy which, in non-agricultural activity, will employ approximately 3,267,000 persons.

"We should perhaps make clear, what is probably self-evident, that while we adopt the national objective of 'full employment' and the 'full realization' of this objective as the basis upon which, or consistent with which, in our submission, national thinking and planning must proceed, and that, while we adopt the figures given in these government documents as the number of those, who, it is anticipated, should be employed and will be employed in the immediate post war period, we do not even desire to appear to be politically endorsing the proposition that this essential objective of employment and of income will necessarily be achieved by the administrative, economic or legislative measures which the Dominion Government has so far indicated. We would regard any discussion of that phase of the problem, or of the policy and proposal either of the 'White Paper' or the 'Proposals of the Government of Canada' as beyond the purview of this Royal Commission and outside of the scope of the matters which we would be expected to go into before this Commission.

"We do contend, however, assuming that the Government figures are correct as to the total number who are to be employed if the national objective of employment and income is to be achieved, that we must all base our representations and thinking upon the basis of an economy which employs that number."

That is three and a quarter million.

BY MR. FRAWLEY: In the coal mining industry?

BY MR. FORSYTH: Oh no.

BY MR. FRAWLEY: In non-agriculture?

MR. WADE: Yes. (Continues brief):

"The question of the method to be adopted in achieving that result does not affect either the national need or the national responsibility for achieving the objective described. If, in fact - and we do not here suggest that to be the case - the measurements now contemplated are neither adequate nor sufficiently effective to reach the social goal enunciated, other and better methods will necessarily be sponsored and adopted by the Government of the day or by another which may succeed it."

BY MR. FORSYTH: You don't really mean that word "measurements" there, do you?

MR. WADE: No, "measures". Thank you. (Continues brief):

"If there is any incidental error as to the number to be employed, it must be remembered that both the 'White Paper' of April 1945 and the 'Proposals of the Government of Canada', of August 1945, indicate that an annual addition of 60,000 persons should be added to the number already given of the total to be employed. Having regard firstly to the fact that the 'White Paper' calculation was based upon the Canadian population of June 1944, and that approximately 90,000 employables would have to be added to the calculation now, and then to the further fact that, necessarily, some time must elapse before this Commission will report and effective action is taken upon its recommendations, it would appear to us that an ample cushion is provided against erroneous calculation if we accept, say, the (White Paper' figure of 900,000 in addition to the number employed in 1939. That figure is 100,000 less than the August 1945 estimate set out in the 'Proposals of the Government of Canada'."

That is in order to achieve full employment we are accepting the proposal that 900,000 people will have to be employed in non-agricultural industries in addition to those who were employed in non-agricultural industries in 1939. That is obviously a minimum figure. (Continues brief):

"We submit therefore that the coal problem, or any other problem directly related to the national economy, must be considered upon that basis, upon anticipated employment of 3,267,000

persons in the immediate post war period. What does that mean in terms of the probable tonnage of coal which Canada will require?

P A R T · 5

CANADA'S COAL NEEDS IN THE POST WAR PERIOD

"The latest year for which coal statistics are available is the year 1942. In that year, the number employed in non-agricultural industries was 3,061,000 or 185,000 below the anticipated employment in the immediate post war period. The table already referred to discloses that on April 1st, 1945, the total employed in non-agricultural industry was 3,246,000, 21,000 less than the anticipated employment in the immediate post war period."

BY MR. FORSYTH: What is "the table already referred to"?

A That is a table that will be presented to the Commission later.

Q I mean, you say it is already referred to. Where do you refer to it? I don't want to interrupt you but I want to understand this.

A I can't tell you at the moment what page. Just hold that over, Mr. Forsyth. (Continues brief):

"That figure, however, cannot assist us in a calculation of coal needs, because, other considerations apart, no data, on coal production or consumption has been published for the year 1945.

"If Canada's coal needs are to be estimated in terms of the ratio between the coal consumed over a given year and the total number of persons employed in non-agricultural industries during the same period, the resulting calculation, if based on the 1942 figures, would be that 14.26 tons of coal are used per year per person employed. This is arrived at by dividing the figure of 43,658,712, the coal consumption of the year 1942, by the figure of 3,061,000, the number of persons employed in non-agricultural industries in 1942.

"This, of course, is an arbitrary assumption and it does

not take into account any differences in character, and the corresponding differences in coal consumption, between industries operating in 1942 and the industries which are likely to operate in the immediate post war period.

"It is next to impossible to calculate what, if any, different ratio of coal consumption will obtain at the same level of employment in post war industry. If, however, a constant ratio can be assumed between the number of those employed in non-agricultural industries and the coal consumption per year per person so employed, the employment of 3,267,000 persons in the anticipated immediate post war employment, if the 1942 basis is adopted would mean that Canada will require 45,587,420 tons of coal per year in the immediate post war period."

BY THE CHAIRMAN: Are you taking into consideration there the power that has been taking the place of coal consistently down the years?

MR. WADE: Well, it doesn't seem possible to make any arithmetical guess as to how that is going to affect it, because after all it is perfectly true that the development of power may replace coal, but on the other hand the development of hydro also stimulates industrial activity generally and therefore increases the demand for coal. (Continues brief):

"Essentially, the questions to be considered are, firstly, whether the ratio of non-agricultural employment to coal consumption is a reasonably proper method of estimating war coal needs, and secondly, whether the ratio of employment and coal consumption in past years is a reasonably satisfactory basis for calculating future coal production having regard particularly to the differences in the industries which will operate in the post war period, as compared with any earlier year. Having regard to the fact that the year 1942 was a war year with special features and problems arising out of the war, the 1939 ratio of coal consumption per person employed affords a more satisfactory and certainly a more conservative basis.

"In the year 1939 the number of persons employed in non-agricultural industries was 2,367,000. The coal consumption was 29,467,894 tons. The ratio of coal consumed per year for each person so employed was therefore 12.45 tons. This ratio of 12.45 tons per year per person employed applied to the anticipated post war non-agricultural employment of 3,267,000, this figure being the anticipated employment estimated in the 'White Paper' of April 1945 and in the 'Proposals of the Government of Canada' of August 1945, Canada's coal requirements in the immediate post war period would be 40,674,150 tons per year, or in round figures, $40\frac{1}{2}$ million tons of coal per year. The coal question in Canada must be determined upon that basis.

P A R T 6

SUPPLYING CANADA'S COAL NEEDS

"The first question which then arises is that of the source or sources of the $40\frac{1}{2}$ million tons of coal per year which the anticipated immediate post war employment would thus likely require. These sources, of course, are two: Canadian mined coal and imported coal.

"Any calculation of the prospective amounts of Canadian mined coal as against imported coal is subject to the fact that the geographical location of any post war industries, as well as the nature of such industries, may have a bearing upon the ratio of Canadian mined as against imported coal.

"In 1939, out of a total coal consumption of 29,467,894 tons, 49.4% or a tonnage of 14,564,679 was imported and, correspondingly 50.6% or a tonnage of 14,902,915 came from Canadian mines. The 1939 ratio of distribution as between Canadian mined and imported coal would mean that 20,581,110 or 50.6% of the 40,674,150 would be supplied from Canadian coal mines and that the balance of 49.4% or 20,043,040 would be imported. The adoption of the 1939 ratio of distribution is supported by Table 1 appended hereto which shows that in 1926 more coal was imported into, than was mined in Canada, 52.3% of the Canadian coal consumption of that year being imported coal. That figure

of 52.3% of imported coal was displaced by 1939 when Canadian mined coal constituted 50.6% of the Canadian coal consumption of that year."

BY MR. FRAWLEY: Are you able to tell us whether you are including both bituminous and anthracite in those importations?

MR. WADE: Just bituminous. (Continues brief):

"If 20,581,110 tons of coal are to be supplied from Canadian mines, what is the likely distribution of that Canadian mined tonnage as between the Maritime and the Western coal fields?

"Here, again, the geographical location, as well as the nature of the industries which will function in the immediate post war period may exert an influence upon coal consumption but since no specific information is available upon either of these questions, that is the geographical location or type of post war industry, the data of consumption and distribution of coal in Canada in previous years must, of necessity, be used.

"In 1939 the Maritime fields produced, as to Nova Scotia 7,051,176 tons of coal employing 13,035 men, and as to New Brunswick 468,421 tons of coal, employing 1,284 men or a total of 7,519,597 tons of coal produced and 14,319 men employed. In ratio, this is 50.5% of the 14,902,915 tons of coal produced that year in Canadian mines and 56.8% of the Canadian total of men used in such production, the total employed in 1939 being 25,200 men.

"Before we can ascertain the tonnage of coal, and the level of employment which will be required from the Maritime field upon the basis of a post war expectancy of 20,581,110 tons of Canadian mined coal, two factors should be noted.

"One of these is that the production of lignite being included in the 1939 statistics of Canadian coal produced, it is reflected in the total of 20,581,110 tons of coal of the anticipated Canadian mined coal tonnage arrived at by converting the post war employment expectancy of 3,267,000 to a tonnage which is pro rata with the 1939 ratio. In view of the fact, however, that lignite is far less likely to respond to a higher industrial

activity than, say, bituminous, and since lignite is almost entirely obtained from Western Canadian mines, it would appear to us that for the purpose of ascertaining the likely coal tonnage from, and the employment required in, the Maritime coal mines during a year of full employment, it would be more advisable to deal with the bituminous figures only, so far as that is possible."

BY MR. FRAWLEY: Would you mind elaborating somewhat on that statement, that "lignite is far less likely to respond to a higher industrial activity than, say, bituminous"?

MR. WADE: On reading that over, Mr. Frawley, I am wondering whether that statement is accurate or not.

Q The Estevan operators would hardly agree?

A No.

Q That is all they have out there, you see, is lignite, and they are doing pretty well.

A The assumption there is that lignite is unsuitable for so many industrial uses.

Q That is the "brown coal" of Germany.

A I mean industrial uses, for steam.

Q It is just good enough to chase practically all the Alberta bituminous out of the Winnipeg market.

A Just a little Maritime wishful thinking, possibly.

BY THE CHAIRMAN: Have you given any thought to causes or reasons which led up to the increased proportion of Canadian coal used in Canada between 1926 and 1939?

A You have in mind the question of subventions?

Q I have in mind nothing. I was asking you if you had given any thought to that, as to what exactly gave us that increase?

A I think that it could be agreed that it was very largely subventions that gave us that increase.

Q Making markets competitive?

A Yes.

MR. WADE continues brief:

"Reverting to the statistics of 1939 employment and coal consumption, we find that in relation to a total of 2,367,000 persons employed in that year in non-agricultural economic activity, Canada consumed a total of 22,476,082 tons of bituminous coal, both imported and domestic, or a ratio of 9.50 tons per year per person so employed. The employment of 3,267,000 would mean that Canada would require 31,036,500 tons of bituminous coal in an immediate post war year.

"Applying to this figure the 1939 ratio of the sources of bituminous used in Canada in 1939 as between the Canadian mines and imported bituminous, the Canadian fields which, in 1939, produced 52.3% of Canadian consumed bituminous would be required to supply 16,232,089 tons of bituminous.

"If 16,232,089 tons of bituminous coal is the anticipated consumption of Canadian mined bituminous coal per year in the immediate post war period, what would be the respective portions of this tonnage as between the Maritime and the Western fields, based upon 1939 distribution and what employment would this tonnage require in the Maritime area?

"To ascertain this, let us examine the Maritime's production of bituminous coal. Of the 11,768,296 tons of Canadian mined bituminous coal produced in 1939, Nova Scotia supplied 7,051,170 tons or 59.9% of the total, employing in such production 13,035 men. This amounts to a production of 541 tons of coal per man for the year 1939. New Brunswick in 1939 produced 468,421 or 03.9% of Canadian mined bituminous and employed 1,284 men - a production of 365 tons per year per man, for the year 1939.

"If we apply the 1939 proportion of Nova Scotia bituminous coal to the total Canadian mined bituminous, to the anticipated immediate post war tonnage of 16,232,089 bituminous per year, Nova Scotia would be required to furnish 59.9% of that figure, or 9,393,021 tons of bituminous. At the 1939 rate of 541 tons

per year per man employed in the Nova Scotia mines, the production of 9,393,021 tons would require 17,362 workers, an increase of 4,327 over the 1939 figure of 13,035.

"Correspondingly, as to New Brunswick on the same basis and related to the 1939 figures, New Brunswick would be required to produce 633,051 tons of bituminous coal which, at the 1939 rate of 365 tons per year per man employed, would give employment to 1,734 men, an increase of 450 over the 1939 figure.

"The total of the production of bituminous coal in Nova Scotia and New Brunswick on the 1939 figure would then be 10,026,072 tons, employing 19,096 men, a total increase over the 1939 total of 4,777.

"This, of course, is an estimate which does not take into account any improvement in production which will accrue, both as to Nova Scotia and New Brunswick, if continuity of employment is afforded to the Maritime coal fields, and if the recommendations for improvement of the efficiency and economy of the industry and of those employed in it, which we propose hereunder, are adopted and effectively carried out. Having regard, however, to the statement in the submission to this Royal Commission of the Province of Nova Scotia estimating, as to the province of Nova Scotia alone, an annual post war yield of 9,000,000 tons for Nova Scotia alone, the figure above arrived at of 10,026,072 for Nova Scotia and New Brunswick would appear to be approximately correct.

"This portion of our submission can, perhaps, conclude with indicating that if the 1939 ratio of 541 tons per man per year is to be achieved, productions of the Nova Scotia mine workers, and correspondingly of the New Brunswick workers, would have to attain a production of 2.04 tons per man per day if mine workers worked as many as 265 shifts per year, a production ratio which is based upon a full time six day week, full time production. If, on the other hand, we assume an employment activity of 239 shifts per year, predicated upon a five day week, production per man per day would have to achieve 2.26 tons

to produce the 541 tons per year above predicated. We have no hesitation in stating that this production can be achieved if the industry directly, or some agency of the government will introduce the measures and conduct the Maritime industry upon the basis, which we will now outline."

I would like to emphasize again that these figures of 541 tons per year and 2.04 tons per man day are simply figures used for purposes of exposition, because with mechanical loading and so on it might be possible to raise the tonnage to 3 tons per man per day.

BY THE CHAIRMAN: With regard to 1939, 541 tons per man, I

think you have the figures somewhere, how many days were the men employed in that year?

A Well, they weren't employed a full year.

Q I mean to say, it is not a very satisfactory way of giving your production per man.

A You mean if they were employed more days?

Q Well, if they were employed 160 days per year the production per man is very good according to that. If they were employed 280 or 300 days the production per man is not so good.

A I think the average in 1939 was around 220. It varied.

Dominion Coal was more than Old Sydney Collieries and Acadia.

BY COMMISSIONER MORRISON: What was production per man day?

A Production per man day was 2.3. There can, of course, I presume be no question that the Maritime mines can produce 10,000,000 tons a year. That seems to be the opinion of the Provincial Government.

BY COMMISSIONER McLAURIN: 9,000,000, wasn't it?

A For Nova Scotia. 9,000,000 for Nova Scotia.

BY THE CHAIRMAN: That is the mines have the capacity to produce that much under the present set-up in Nova Scotia? We have some evidence, I think, on that from the Dominion Coal Company brief.

A I am accepting there the position of the Provincial Govern-

ment that they have a capacity with certain measures, if taken, to produce 9,000,000 tons a year, that is to say without opening new mines.

BY COMMISSIONER MORRISON: The existing mines, Mr. Wade?

A Yes.

Q What are they producing now?

A Around 6,000,000.

Q 1944?

A 5 $\frac{1}{2}$, around 6 million; I haven't got the figures. I have the details of how the Provincial Government expects to increase production to 9,000,000. Now these details were sent to me in a personal letter and so I don't feel I should submit them publicly.

BY MR. FRAWLEY: Well, I would hope that it would be in their brief.

A Well, it is not.

BY MR. FORSYTH: I do think if any personal letters are going to be mentioned here we will have to have them read.

BY MR. FRAWLEY: The Commission remembers that Dr. Cameron filed a brief in Halifax and he told us about this hope that he had--I am not using that word disrespectfully--that the production should go up, but surely he told us everything that was behind that figure and everything he had in mind to support that figure. Now if you do not think he has, and you have something further, we will write him.

BY THE CHAIRMAN: Dr. Cameron will be here at some stage of this hearing.

MR. WADE: I don't think in Halifax, Mr. Frawley, that anybody raised the question as to precisely how this 9,000,000 was to be reached.

BY COMMISSIONER MORRISON: I think it was conjecture, of course.

BY MR. FRAWLEY: Here are the figures taken from Table 4 of Dr. Cameron's brief filed in Halifax (Exhibit 46). The coal production in Nova Scotia in 1939 was 6,750,931 tons, in 1944, 5,815,180 tons. That is all Nova Scotia.

BY THE CHAIRMAN: On what basis did he prophesy 9,000,000 tons?

MR. WADE: Turn to page 35.

BY MR. FRAWLEY: Of his brief?

A Yes. Now Dr. Cameron shows there a production capacity of 7,700,000 tons.

Q 7,702,000, which he calls the capacity production of all Nova Scotia mines.

A Yes, but he was very careful to explain that this was a capacity production based simply on past performance, and that a further 1,300,000 tons could be produced by making certain adjustments in different mines, and he has detailed those adjustments to me.

BY THE CHAIRMAN: Why hasn't he detailed them to us?

A I don't think he was asked.

BY MR. FRAWLEY: It might help if I read a paragraph from page 32 of Dr. Cameron's brief: "The table shows a total productive capacity of approximately 7,700,000 tons capable of giving regular employment (250 days per year) to 13,000 men. These figures indicate capacity production at 585 tons per man per year. The annual productive capacity calculated in this way is about 500,000 tons less than that usually considered available. It probably represents the best overall production on basis of both equipment and labor."

BY COMMISSIONER McLAURIN: Does he detail the mines?

BY MR. FRAWLEY: Oh yes.

BY COMMISSIONER McLAURIN: Include Inverness?

BY MR. FRAWLEY: Yes, Inverness. He stopped short of that. He told us what the production total and per day was in the 10-year period 1935-44, but that mine is not included in his capacity production. Well, I suppose it is, yes; 123,000 he estimate to take from Inverness and miscellaneous fields.

BY COMMISSIONER McLAURIN: Did he estimate the increasing loss of that increasing production?

BY MR. FRAWLEY: No, he didn't say anything about the loss in

this table. He was very frank about it in another table.

BY THE CHAIRMAN: I would expect if Dr. Cameron has in his mind improved methods of getting a larger output of coal, the people that he would give that information to would be the operators themselves, so they could start, if he has anything in view.

BY MR. FORSYTH: I always had some idea that there was something in the law that rather obliged him to do that.

BY THE CHAIRMAN: Well, I didn't go that far.

BY COMMISSIONER MCLURIN: Well, it is speculation. I must say for myself I thought Dr. Gray was a little enthusiastic, let alone Dr. Cameron.

MR. WADE: Well, I am quite sure that if Dr. Cameron comes here he will give us details.

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P A R T 7.MAINTENANCE OF MARITIME PRODUCTION.

We have attempted to establish that coal is of such basic importance to industry and social life in Canada that its production and distribution should be a matter of public concern. We have also suggested (as well as can be done) what our coal needs will be in the future together with the portion of these needs that the Maritimes can, and will be called upon to supply.

It is really implicit in what we have said already that Canadian production must be maximized and maintained at that point. But it would seem very desirable to amplify our position by dealing in a concrete way with specific aspects of this proposition that have been raised across the country both at the Commission hearings and elsewhere.

Thus the following question, which in our opinion has not yet been fully and satisfactorily answered, has been dwelt upon at length, why, if coal of the right type and quality can be obtained more cheaply from the U.S.A., should the Maritimes produce even one ton of coal let alone 10 million tons? Or to mention another aspect of the same question, if there are certain markets, say Quebec and the Maritimes, which can be provided with coal by the Maritime industry at a laid down cost to the consumer equal to or less than the price of any other coal producer, why should any assistance whatever be given to the industry to go outside that so-called "economic" market?

This we can all agree is one of the crucial problems facing this Commission in relation to the Maritimes, we might add that a similar problem exists in the West.

We need not reiterate the facts concerning the key role that coal plays in the economic and social life of the nation. This we have already indicated and in some other submission it has been made abundantly clear to all of us. The cessation of a shortage in our coal supply would bring industry to a standstill or cripple it.

BY MR. FRAWLEY - What does that mean "cessation of a shortage in our coal supply would bring industry to a standstill or cripple

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it."

A. The cessation of or a shortage. The word "or" is missing.

MR. WADE continues brief.

But it has also been made clear that Canada cannot supply all her needs either quantitatively or qualitatively. The trend of thought exists that would suggest that if Canada cannot supply all her needs then there is little point in worrying about dependence on another nation and we might as well let only commercial considerations rule and treat coal as one would a commodity such as pulp magazines or cigarette lighters.

This trend of thought fails entirely to recognize the overwhelming importance of coal to industrial and social life and it fails to recognize that a foreign supply of coal or part of our own supply might cease; and it fails to recognize what might be the results of such cessation.

It surely requires no argumentation to prove that a supply of 20 million tons may save a situation which could not be saved with no tons; or that a supply of 10 million tons from the Maritimes would be of immeasurably greater value in a crisis than no tons. And no responsible public servant or citizen can, we assert, afford to lightly shrug off the possibility of a crisis. To fail to plan for the cessation of a foreign supply - and this might happen even though the nation concerned were on entirely friendly terms - to fail to plan for this would surely be the acme of irresponsibility.

But this might be asked; even though we may at some time need every ton of coal, as we have done in this war, why maintain by public assistance, maximum production in those periods when we could easily get along with less Canadian coal? There are two rather obvious answers to this, the one technical the other social.

Firstly one cannot open and close coal mines as one does a shell factory. We are now closing munitions plants by the score knowing full well that were the need again to arise we could reestablish them in short order. This simply cannot be done with

coal mines. Once a body of coal is entered and then abandoned great expenditures and time are required to get it into production. Not only this, but coal miners are not trained in a day. A good machine operator can be trained in a matter of weeks; several years are required to train a coal miner who will not endanger the lives of his fellow workers and indeed the mine itself. It only takes one moment and one unskilled man to wreck an entire mine and to kill hundreds.

As for the social reason why, if it is agreed that at some time in the future we may need every last ton Canada can produce, we must maintain at least the rate of production to which our mines are now technically geared. Our mines, both East and West, are situated in such a manner that labour cannot be transferred from coal to something else, and back again. A coal miner in New Waterford cannot on being laid off for three months or on being put on part time, proceed to obtain work on his offdays in some other industry. The effects on the individual and the social effects of such unemployment, which has been an ever present nightmare to the miner, will be obvious to the Commission.

Therefore, even if it were possible to open and close mines as one might a bottling plant and to obtain the necessary skilled labor at a moment's notice to treat coal on purely a conventional commercial basis would still be a policy so socially harmful as to be quite unthinkable. And it would be a policy entirely at odds with the government policy of full employment and social security we have already referred to.

There is yet another reason why, if it is decided that the nation cannot take the risk of not having an available supply equal to at least 50% of our annual requirements, government must see to it that this 50% supply is produced year in and year out and a market found. And this reason applies with particular force to the Maritimes - it might be better to say we are more familiar with its application here than in the West.

If it were decided to ignore the key place of coal in

industry and social life; if it were decided to concern ourselves about a cessation of foreign supply or a general shortage only when this once again occurs; if it were decided that government has no responsibility in seeing to it that Canada is forearmed for such a crisis; and if it were decided that government has no responsibility for maintaining full employment in every region together with the highest possible social standards; then indeed it might be impossible to justify the intervention, financially or in any way whatsoever, of government in the coal industry and in particular might it be impossible to justify the sale of Maritime coal outside its commercial market; and furthermore the point we are about to deal with would be irrelevant.

But on viewing matters from a broad and social point of view and with an eye to the uncertainties of the future, it is impossible to answer the above points in the negative.

BY MR. WADE - The reference there ~~is~~ to the uncertainties of the future is primarily to the scientific development that will in all probability occur relating to new uses of coal.

MR. WADE continues brief

This being so, and in particular because of acceptance by government of the overriding responsibility of guiding the nation to a state of full employment the effect on the Maritime economy of restricting Maritime coal production becomes strictly material and of the utmost importance. In other words in deciding whether or not to let our industry get along as best it may with less than maximum production and with partial employment and consequent poverty and social disease until a new crisis arises and all hands are called to the pits - the effect of such a negative policy on the economic and social affairs of the Maritimes cannot be neglected. For as we suggested in the first part of our brief this Commission will be expected to report on the coal industry not as an area of activity unrelated to national and regional affairs, but rather in the context of government policy for full employment and social security.

BY MR. FRAWLEY - You use the word "crisis" quite a lot. Would

you be good enough to say whether you have any other crisis in mind except another war?

A. Well so many things may happen in the future. Supposing some new development occurs in the use of coal and the American coal operators decide they want to put their coal into that, we may find ourselves in a very difficult position to get an adequate supply. Or suppose a peculiar mining disaster in the United States, we may find ourselves short.

Q. But we do not hope to do any more than supply half the market. That would be a situation keeping your mines here at full production capacity that would occur.

A. It is much better to supply half our needs than to find ourselves with none of our needs supplied.

Q. If the American supply were cut off there would be a real crisis, even with your mines at their utmost capacity it would leave a serious crisis.

A. Yes, but industry and our homes could get along for a time with 50% of our usual consumption.

BY COMMISSIONER MACLAURIN - It is reasonable to assume that a similar disaster in Canada might wipe that out.

A. It might.

Q. Then if the Americans refused us the other 10 million if we had not cultivated their market.

A. I question whether the production of ten million or twenty million tons for Canada is going to be so felt by the Americans, the Government or mine operators, that they will feel seriously antagonistic to Canada for producing twenty million tons. After all the United States produces six hundred million tons.

BY MR. FRAWLEY - But some of them produce 25% for Canada; they like that business.

BY COMMISSIONER MACLAURIN - They have helped us out in two crises now; they have been our friends.

BY THE CHAIRMAN - Is there not always a crisis or emergency for coal? You never hear of it except at a time of war, but to my

mind there is always an emergency so far as the coal supply is concerned. We can't supply ourselves.

BY MR. WADE - I think if we cannot supply ourselves we are always in a state of insecurity.

BY COMMISSIONER MACLAURIN - The same with bananas or oranges.

A. There is all the difference in the world between bananas, or oranges, or cigarette lighters, and coal. We can't function without coal. I am not suggesting that we concern ourselves about being insecure. Certainly the nation's industrial life will not fail if we cannot get there other things, but it will if we cannot get coal, and that is the point that distinguishes coal from the great bulk of other commodities, or certainly some other commodities.

BY MR. FRAWLEY - The United States Government are making an attempt to find oil in this province and they may bring about a crisis if they find lots of oil here. It may seriously affect your coal mining industry?

A. In view of the fact that we are almost certain to produce gasoline from coal at a commercial price ..

Q. Don't you think if they found a lot of oil in Nova Scotia, don't you think you would be a long time in catching up with coal from Fischer-Tropsch?

A. Do you mean if they found enough oil for Maritime needs?

Q. Yes?

A. But the evidence does not seem to suggest that they will find that much.

Q. Then the coal mines go on hoping that their efforts will be unsuccessful?

A. Scientific inventions have all kinds of repercussions. You may discover oil in the Maritimes in large quantities and it might mean the industrialization of the Maritimes, and we might consume more coal.

BY COMMISSIONER MACLAURIN - It didn't happen in Oklahoma.

A. That is the history of the development of the industrial arts during the last hundred years.

BY MR. FRAWLEY - That is why you look with complacence on the

invasion of electric steam in the St. Lawrence area. You say as industry is developed there will be more homes in the area and we will sell this coal domestically, and there will be more small industries.

A. I would say it is obviously not possible to plan without data and a development of that kind cannot be relied upon with the necessary data for planning, and one must direct all one's efforts to see what the results are with regard to industrial activity. If, in general, industry in the last hundred years had worried about the effect of some new invention or scientific advance the Lord knows where we would be today.

BY MR. FORSYTHE - They did worry about it a good deal.

A. In a sense, yes.

BY MR. FRAWLEY - Just like the miners have worried about the introduction of modern mechanization in the mines.

A. But one cannot obstruct such development.

BY MR. FORSYTHE - There should be a definite policy about it, should there not?

A. In so far as possible.

MR. WADE continues brief.

Therefore, the Commission we suggest, cannot ignore the fact that were Maritime coal production and sales restricted to the Commercial market of say six million tons the problem of a mass migration of over ten thousand people would immediately be raised.

BY MR. WADE - Incidentally that figure of ten thousand is quite wrong. I had in mind ten thousand wage earners, which would probably be fifty thousand people. That ten thousand is a very loose estimate, if I might phrase it in that way, because it is difficult to know the number of returned men that will be coming back to the mines, and the number of men who will be looking for work in the mines who left the mines for other jobs during the war, but it is the best approximate estimate I can make.

MR. WADE continues brief

We are not discussing the merits or demerits of such a migration from the Maritimes; we are simply drawing to the attention of the Commission that it will have to decide whether or not to accept responsibility for being instrumental in confronting government and our people with such a large scale problem. For it is perfectly clear that under no circumstances will the miners and other citizens of our coal towns (and other towns for that matter) allow the pre-war days to return; and quite possibly the alternative to a return of those days (if Maritime coal production is not maintained at 10 million tons) would be a migration such as is mentioned above.

BY MR. WADE - I would like to emphasize that that is only one point that we are bringing forward as the reason for maintaining Maritime coal production. It is not the main point. The main reason is national need, not the question of migration, because it is clear that possibly a migration will have to be faced at some time. The question of migration will have to be faced at some time very probably.

BY MR. FRAWLEY - You say "national need". That is the keystone. You don't mean in tons of coal, but national need in terms of employment and social benefit?

A. Our position is first that Canada needs the coal, and secondly that the coal must be produced in such a manner as to be entirely compatible with government policies for social security. In the past we have had available Maritime coal in a crisis, but it has been made available in accordance with the existing ideas of government on the question of full employment social security, it has been kept available to the nation by keeping the miners themselves in a state of poverty, distress and unemployment. So there are two ways, by shoving the cost on to the miners, or the new way in accordance with certain policies of what is right and proper for the nation.

Q. There seems to be two points. Canada needs the coal, but does it need the coal to be mined in Canada?

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A. We are maintaining that Canada needs Canadian coal to the greatest extent possible. That the factor of insecurity if we do not have a Canadian supply of coal, that factor of insecurity is something that must be overcome.

BY THE CHAIRMAN - In fact some of the dire things you have mentioned - it cut down our national income if we do not keep on producing as much coal as we did, and selling it. You say ten million tons. That is the most serious thing to the nation.

A. It would cut down our national income if we do not transfer all these people who have been producing coal into some other occupation, which is a very large problem, and a costly one. It is a matter of millions and millions of dollars to have migration into Canada.

Q. Most of the miners who have left this country are still in the mining business if they are living. They went West, Mr. Morrison did they not?

BY COMMISSIONER MORRISON - But you imported some in to take their place.

BY MR. WADE - Doubtless that point can be discussed later.

BY MR. FRAWLEY - That is right.

MR. WADE continues brief

The Union in fact, does not think the problem should arise" (the problem of mass migration) "for we believe that government must plan for a shortage in a coal supply; we believe in consequence (for the technical and social reasons already advanced) that government must maintain maximum Canadian production and consequently maintain markets for 10 million tons of Maritime coal, together with the required number for the West.

BY MR. WADE - At this point, that phrase "consequently maintain markets" is very misleading. As you will see later on, we are not suggesting the maintenance of markets in the usual sense of that term, so I would suggest that the exact interpretation of that phrase be left for future explanation.

BY MR. FORSYTHE - It does mean they must maintain 10 million tons?

1. People will buy that.

2. It has to be placed?

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A. Yes. The point there is with the way you place that, the way you get people to buy it is important. You can force it on them or persuade them, and that makes a very big difference.

BY MR. FRAWLEY - You put enough subvention in and displace the American coal and you have it sold.

A. Well this question is coming up later.

MR. WADE continues brief

But there are still further sound reasons why it is in the national interest, as well as the Maritime's to maintain maximum production with national funds, national policies and national administration. At the present time the main use of coal is for the production of heat. But who is to say that this will remain its main function? Already it would appear from press reports, that techniques just made available to the United Nations have been developed for the production of gasoline at a price competitive with this commodity when refined from oil.

BY MR. WADE - I wired a man in Ottawa in the Metallurgical Department, one of the scientists, and asked him if he had any official information on this information obtained from Germany and he wired back saying he had no official information. So I presume he had some unofficial information.

BY COMMISSIONER MORRISON - One of these press reports that the "Press learned today" do you mean?

A. Yes.

MR. WADE continues brief.

With this in mind, together with the speed at which science can revolutionize industry, it would in our opinion be the most short sighted policy imaginable and one of the most costly kind, to permit Maritime mines to fall into disuse, skilled labour to disperse and the coal regions and indeed Province, to economically and socially speaking, contract.

We do not believe that this aspect of the problem has yet been placed with sufficient clarity before the Commission.

There can be no question that we are on the verge of new discoveries (or the application of old ones) --

BY MR. WADE - And we always are and have been for many decades now.

Continues brief

"in commercial techniques of coal utilization and production of by-products from coal. What work is now being done will we hope be tremendously hastened when Federal government, in accordance with its recent proposals, invests large sums in, as it describes it, "general and basic research on the economic utilization and extraction of resources."

BY COMMISSIONER MORRISON - What is that quotation from?

A. Page 24 of the Proposals of the Government of Canada to the Dominion-Provincial Conference. I trust that the work on the development of that will be even more accelerated if the Federal Government proposals to the Dominion-Provincial Conference are accepted.

MR. WADE continues brief

We do not believe it has yet been clearly enough brought to the attention of the Commission that the alternative to maximum production (which, other things being equal is lowest cost production) is the abandonment of many of our mines in the Maritimes; for it seems quite impossible to repeat the past and to operate at below capacity with intermittent employment and production with consequent high costs and intolerable social conditions - which also add to costs.

Such an abandonment would of course add immeasurably to the reconstruction and social security problems of both the Maritimes and the Federal government. But it would also mean confronting the country with huge expenditures in re-opening the abandoned mines" --- if that turned out to be possible, and it well might not be possible --- "and training new miners if and when the nation found it needed our coal for gasoline or other uses which will certainly be discovered. This of course is all in addition to the fact that were Maritime production restricted to a narrow market and mines abandoned accordingly, to that extent

Canada would be without coal at critical moments in her future development.

What is said here applies of course to every coal area in Canada.

In concluding this part it would seem necessary to make some comment on the question of "nationalism" as the evidence would indicate that this has occupied the thoughts of the Commission.

The word "nationalism" means many different things to many people. In one sense a democratic sense, it has a perfectly sound connotation implying love of community and country and one's own culture and at the same time respect for the rights and cultures of other nations, and a willingness to learn from them.

Others think of the word in terms" --- I should say narrow terms --- "of tariffs as distinct from free trade. As a matter of fact the issue of tariffs versus free trade is rapidly becoming a dead one. Increasingly will the real issue be between government arranged and financed international trade and unrestricted anarchy in international trade, dominated by cartels.

In both cases tariffs will play their part. The question of tariffs will no longer be dealt with as a matter of principle (in fact this has not been the case for many decades) but rather in the light, not merely of narrow commercial, but of the broadest social, considerations.

BY COMMISSIONER MORRISON - You are not suggesting that what you have in brackets there, that that is the way the tariffs will be dealt with "broadest social considerations"?

A. No, I think very very shortly they will be.

Q. You are hopeful?

A. I think the Dominion government proposals would indicate that they are thinking along those lines.

MR. WADE continues brief

Thus measures to secure the production and sale of Canadian coal will be determined by considerations such as national defense, full employment nationally and in the coal areas together

with the burning social question of the decentralization of Canadian industry. It must also be remembered that "free trade" in its complete sense means equally free movement of populations across political boundaries and within political boundaries.

The fact that international peace and the full utilization of the resources in every nation demands arranged international trade based to a growing extent on government controlled financial machinery, in no way contradicts but rather complements, the need for public assistance (in its various forms) for this and that industry. The ordered arrangement of international trade will involve many devices and these will be selected and applied to this or that commodity on the basis as we have said, of the broadest and deepest economic and social considerations. We have already indicated what we believe these to be in relation to the problem of the coal industry we are now considering.

PART 8

COST OF MAINTAINING PRODUCTION

Naturally the monetary cost (if any)" --- (if any) is on purpose, and its meaning will be discussed later --- "must be considered, of maintaining a national coal policy that would:

- (1) Provide at all times a Canadian supply of coal equal to at least 50% of our national requirements, by:
 - (a) securing the continued operation of our mines and preventing their abandonment.
 - (b) securing a supply of skilled miners.
- (2) Assure the above in a manner compatible with government policy of full employment and social security by:
 - (a) assuring adequate wages and continuous employment and,
 - (b) health and other social and community standards.

It is clear that if such a policy were to require annually say 25% of our national income it might be decided that Canada must resign herself to more or less complete dependence on foreign coal for her great industrial centres, crisis or no crisis. And that as far as the Maritimes are concerned huge public expenditures must be made either for mass migration or for the establishment of new industries. In other words cost is a factor (but only one) to be considered in determining whether or not to assist East

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and West with national funds, to maintain a supply at least 50% of our coal needs.

BY MR. FRAWLEY - Why do you say 50%, because that is what it has been, or you think the Federal treasury could not stand more?

A. No, I am simply using that because I have no information as to whether Canada can produce more than 50%.

Q. It has been that roughly?

A. Yes, and I have no information that would suggest it might be jumped to say 80%.

BY MR. FORSYTHE - It might very well be that you could not produce 50%.

A. You can always in times of crisis switch your resources.

Q. I am not talking of a crisis, I am talking of industrial development of the country.

A. It seemed to be difficult to be sure from the submissions made out west whether production there could be significantly increased or not.

MR. WADE continues brief

In fact of course the cost will not approach anything like 25% of our national income. Let us assume for a moment a cost in the form of subventions of ten million dollars annually --

BY MR. WADE - As a matter of fact the last word I have from the D.B.S. is that the national income is now quoted at nine billion one hundred and eighty-six million for 1944.

MR. WADE continues brief

Let us assume for the moment a cost in the form of subventions of ten million dollars annually for the Maritimes which in actual fact it has never been, until the war. Such a sum is less than .1% of our national income of eight billion dollars. One is driven to conclude in the light of all the circumstances discussed above that the expenditure of .1% of our national income is not unreasonable and we would be faced with the possibility (in view of possible technical developments) of discovering that this was the best investment ever made by the nation.

In actual fact of course it is untrue to imply that

the cost (assuming some cost would be involved) would even be .1% or even 1%; for as an offset to this expenditure one must credit both the monetary and the social costs (which are largely immeasurable) of any alternative policy - either a constructive one in line with Federal reconstruction policy or a destructive one, of the kind that has prevailed for decades right up to date.

It is well here to say something concerning the nature of costs. Many people can visualize "costs" only in the form of printed money or a cheque, or for those who can reach somewhat larger abstractions, in the form of an entry in a ledger. Some people become alarmed at the expenditure of one million dollars in cash, but can complacently view an expenditure of one hundred million dollars in the form, not of money transferred from one person to another or from one province to another, but of labour unused, national resources wasted, skills undeveloped or partially used, goods and services unproduced, inventions not invented, cultures destroyed. All such costs are difficult of money measurement but they are just as real and have just as great an impact on the individual as does the transfer of \$10. from his pocket to the government's.

It may be perfectly true that there are some who would resist an obvious money expenditure of .1% of our national income to maintain coal production and thus incur hidden social expenditure of 10% or 100% of our national income. But though such do exist, no government can afford, or we believe would want, to adopt such an unimaginative attitude and one so obviously contrary to national welfare in the broadest sense.

There is a further aspect of this question of cost which we have not seen drawn to the attention of the Commission.

One of the most important causes that have led during this war to the expenditure out of the public treasury of millions of dollars for obtaining Western and Maritime coal has been precisely the past negative policy of government - the past policy of niggardly public assistance or none at all.

BY MR. WADE - I would like to add there that the emphasis on the

"niggardly public assistance" is not what we have in mind. It is largely the question of the nature of that public assistance, machinery, which is a point that I will deal with later.

MR. WADE continues brief.

This was supposed to save the public money. In actual fact it has cost the taxpayer untold millions - not merely in the form of subsidies during the war but in relief expenditures and all those hidden social costs some of which are enumerated above. It is perfectly true that until the war these things were understood by very few and it would therefore be wasteful of the Commission's time for us to allocate blame.

But today there can be no excuse for the failure to recognize hidden social costs and to plan, by judicious public expenditures, to avoid them.

There can be no question at all that if the nation during pre-war days had secured maximum continuous production for the industry - East and West - if it had enabled it to pay adequate wages and maintain decent community standards - if these things had been done it cannot be denied that during this war we would have had a great deal more coal from Canadian mines at a price significantly below that now prevailing - and a consequent large saving to the taxpayer and consumer.

Therefore, to assume that the expenditure of .1% or 1% or 2%, of our national income on maintaining coal production and living standards in our coal towns, is a cost to the nation not offset by revenue, or to put it more exactly - is not a cost incurred in order to avoid an even greater cost - to assume this would be to fail entirely to understand the specific coal problem involved and the relationship between this and the broader problem of the maintenance of the highest possible real national income together with social security.

In the above comments as we have assumed that public assistance will continue to be needed and that it must take the additional forms viz: tariffs, subventions and cash subsidies. It is by no means necessarily true; and one hitherto rarely used form of public assistance (which we will discuss later in this

submission) may well make quite unnecessary those listed above. The payment of subventions etc., to private industry is the most costly and wasteful form of public assistance.

BY THE CHAIRMAN - Are you making any distinction there between subventions and subsidies?

A. I would place them basically in the context of this question we are discussing as precisely the same.

BY MR. FRAWLEY - Then you want us to read that the payment of subventions, subsidies and additional cost by way of tariff protection, all of those things you mention in the third line of that same paragraph, is wasteful?

A. Yes, anything that will relieve the pressure on the industry to reduce cost.

Q. Any payment which is designed to do that?

A. Not designed, but will have the result of relieving pressure on the industry to operate effectually.

Q. And you say that is wasteful?

A. Yes, it is a costly result.

BY MR. FORSYTHE - Are you dealing with that later?

A. Yes.

MR. WADE continues brief

We will now dwell for a moment on some effects on an outlying region such as the Maritimes of the traditional techniques for maintaining an industry against either foreign or domestic competition.

For many years the people of the Maritimes have been aware of the effects of the "National Policy" on their economy and have built up a case for compensation and assistance from the Federal government on the grounds that their economy has been injured and that due recompense and assistance is owing. In like fashion many of the Briefs on behalf of the Maritimes and the industry to this present Royal Commission on Coal have put forward the same arguments that on the grounds of economic justice and because of the effects of the "National Policy" the Government

owes to the industry aid in gaining a greater share of the Central Canadian market. Innumerable Provincial and Federal Royal Commissions have deliberated and taken evidence and recommended on the basis of these and similar pleas. They have invariably found that recompense and assistance is owing and "necessary". This assistance has taken a variety of forms such as higher tariffs to protect Maritime products in domestic markets, freight subventions, subsidies, and grants in aid to Provincial Governments as well as assisted transportation facilities to Central Canadian markets. These and similar devices are being asked of the present Commission by interested groups to assist the coal industry of the Maritimes.

BY MR. FRAWLEY - Are not freight subventions and assisted transportation facilities the same thing?

A. Yes; although of course there has been a certain amount of assistance by water.

BY MR. FORSYTHE - That is freight, is it not?

A. Yes.

MR. WADE continues brief.

In view of this it will be well to examine the real economic effects and economic efficiency of all these compensatory assistance arrangements on the economy of the area and the country as a whole. Close examination will reveal that increased payments or income transfers to the Maritimes and her industries through subsidies under the Maritime Freight Rates Act, coal subventions, grants in aid, and direct subsidies all have serious limitations under the existing fiscal system of the country without removal of the basic causes of distress.

BY MR. WADE - I would like to emphasize, Mr. Chairman, that we are referring here to their limitations.

BY THE CHAIRMAN - Do you call whatever was done for the Maritime Provinces under the Maritime Freight Rates, subsidies to Nova Scotia industry?

A. In a sense it is.

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Q. No, it is not. It was to level up the freight rates.

A. A special case, yes.

Q. It was a re-making of freight rates for the Maritimes.

A. Yes.

BY MR. FORSYTHE - Theoretically, rebuilding of the railways.

MR. WADE continues brief

Concentration of industry in the Central Provinces operates in cumulative fashion to their advantage. Although income raised through taxation and tariffs may be temporarily transferred to the Maritimes by various compensatory devices it quickly flows back to Central Canada in increasing amounts through the process of enabling the Maritimes to buy the higher cost goods produced in Central Canada. For example subventions to increase the consumption of coal in the Central Canadian market tend to accentuate the industrialism of that region and enable its manufacturers to compete more effectively in Nova Scotia. Protective tariffs for Maritime industries enable them to compete more effectively in Central Canada but raise the price of goods produced there and thus the prices of these goods again consumed in the Maritimes. This has been clearly the net effect of compensatory and assistance arrangements as they operate in a continental economy where industry is highly concentrated in a central area. In essence the burden of cost of the compensatory and assistance arrangements is shifted back to the industry and population of the outlying regions.

BY MR. WADE - Or the tendency is for that shift.

BY COMMISSIONER MORRISON - The vicious circle, Mr. Wade?

A. It tends to be that.

MR. WADE continues brief

Compensations paid by the Dominion treasury tends to be paid by the region which is injured and so perpetuates a vicious cycle.

From this we can only conclude that the inefficiency of the tariff, the freight subvention, and the subsidy as instruments for developing industry and its concomitants of employment and high living standards in outlying regions necessitates the development of an entirely new concept of public policy in regard

to these regions and their industrial development.

BY MR. WADE - I would like to mention Mr. Chairman, that in no sense is what is said here a criticism of the subsidies, subventions and all the rest that have been paid to the Maritimes in the past. We are not saying that they should not have been paid, but simply that that is not the wisest form of assistance to the Maritimes.

BY COMMISSIONER MACLAURIN - Think they should be abandoned?

A. No, I would not say that, but in so far as possible those types of assistance should be replaced by entirely new forms of assistance which we will deal with later on in the brief. Under no circumstances would I say they should be abandoned.

MR. WADE continues brief

In the interests of the Maritime region and the nation as a whole such a policy must of necessity concern itself with the provision of means to create full employment for the people of the area at income levels which will enable them to raise their living standards at least commensurate with the more prosperous areas of the nation. Those we submit are the criteria by which a new and more nationally responsible federal policy must guide itself if it is not to repeat the errors of the past. Recommendations in respect to this new federal policy will be made in a later section of this Brief.

It is important to emphasize that as Confederation tended to contribute to the disunity between the Maritime region and the rest of Canada so a strong policy of economic and social development in that region designed to raise income and employment levels will contribute to the establishment of a strong and lasting national unity.

It is during this period of national post-war reconstruction that plans for this regional development must be intergrated with the framework of national policy in this regard and it is into this framework that the recommendations of the present Royal Commission on Coal must fit themselves in regard to the Maritime coal industry if the Commission is to serve as a

truly effective instrument of public service in the period of post-war reconstruction.

BY MR. WADE - There is one further point I would like to add, that apparently it is now recognized by federal government that national prosperity is indivisible. It is now recognized that it is superficial to say that the national income was produced in this or that geographical area. It is produced nationally by national organization. The fact that the income is produced nationally and that national prosperity is indivisible is now recognized in this form I would suggest. That the Federal Government is not going to merely pay a per capita sum to each province, but that will be increased as, if and when and in proportion to the national income. If the national income goes up 10%, even though the provincial income of the Maritimes does not go up, it is a recognition that the Maritimes have contributed to that national increase of 10%.

Q. It is arbitrary?

A. The amount is, but not the principle.

BY COMMISSIONER MACLAURIN - If it is arbitrary the people in Ontario do not recognize it.

12:00 O'CLOCK NOON - HEARING ADJOURNED UNTIL 2:00 P.M.

2:00 O'CLOCK P.M. HEARING RE-CONVENED

MR. WADE takes the stand

BY MR. WADE - The next section of the Brief starts off with the sentence "Even though the thesis set out above may be favorably received". The general thesis referred to was that we have to maximize Canadian coal production, and that the cost of maximizing such production is a factor that must be taken into consideration, that in our opinion if any cost is involved it would be a negligible one. That there is the possibility, provided the right type of public assistance is given, and what is the right type we will discuss later, there is a possibility that no assistance in the old traditional form may be necessary.

MR. WADE continues briefPART 9.MARITIME VOLUME AND COST OF PRODUCTION

Even though the thesis set out above may be favorably received, the point may well be raised that though the nation is willing to pay (if it has to) for securing the maximum quantity of Canadian coal and for conserving our mines for future (unpredictable) uses of coal, it is willing to do so only if it can be assured that efficiency of management and labour productivity will produce the coal at the lowest cost possible commensurate with proper living standards and social conditions.

Obviously, it is not a solution to ask the Canadian public on the grounds that the nation needs a Canadian supply of coal, to subsidize inefficiency and waste.

In other words, the purpose of public assistance being to maximize a Canadian coal supply at the least possible net social cost (given the unalterable circumstances in which the industry operates)" --- that is the geographical and other unalterable circumstances --- "the nation and the Commission will wish to receive opinions on how these things are to be achieved.

This is an appropriate point at which to emphasize that we are asserting that it is in the national interest to secure a maximum supply of Canadian coal at the least possible net social cost. This is a quite different concept to net private cost. By depressing wages and forcing speed up it might well be possible for an operator to provide coal consumers with very low cost coal as measured by its selling price. Yet at the same time this could be exorbitantly expensive coal in so far as low wages and speed up introduced hidden social costs of a kind payable out of taxes or not even reflected in this way, or measureable in money terms at all.

BY MR. WADE - I should like to add that in our opinion that is precisely what has occurred in the past. That the industry may or may not, I don't know, congratulate itself on having kept the cash cost of coal down to \$4.00 or \$4.50 in the past, but that is no matter on which anybody should be congratulated because

insofar as they have achieved that, it has been achieved at the expense of the miners and the other people in the mining communities and the Maritime Provinces as a whole. The people generally in the Maritimes have had put onto their shoulders burdens in the way of relief and other social expenditures that have all been derived from the attempt of the industry to minimize these cash costs of producing coal. Not only have social costs been foisted onto the shoulders of the entire population of Nova Scotia in the form of measures like relief, but in the forms of all kinds of hidden costs that we cannot measure. Who knows for example what people, in addition to those who have come out of Nova Scotia of great skill and great scientists, may have been born and trained in the coal towns of Nova Scotia if the children had ever had an opportunity of gaining such a training. Those kinds of things that might have been done are of tremendous importance in our opinion, and simply because they are not measureable by book-keeping it is difficult to prove their existence.

MR. WADE continues brief.

But the term net social cost does imply production at the greatest point of efficiency commensurate with health, nationally accepted standards of wages, national length of working day and holidays with pay, etc.

The achievement of minimum costs in a coal mine is primarily a matter of achieving maximum production with the least application of labour, in a given period of time. Our problem basically speaking then is how can the objective desired by the nation, viz: maximum production, be achieved in the Maritimes?

The achievement of maximum production (or low unit costs) in any industry has traditionally been the responsibility of management and for the moment we will accept this tradition. With this assumption and given certain unalterable geological facts, all of which have been given to the Commission, maximum production of coal in the Maritimes, is determined by:

(1) Managerial efficiency as reflected in:

(a) technical skill, and vigor in introducing the most modern techniques.

- (b) The provision of adequate capital.
- (c) Distribution and sale of product.
- (2) Full (yet prudent) use of coal reserves.
- (3) Marketability of product.
- (4) Skill and well-being of labour force.
- (5) Management-labour relations.

BY MR. WADE - I would like to bring before the attention of the Commission that it is very unusual indeed for a Union to attempt to make suggestions to any public body on the question of costs of an industry. In fact I think the U.M.W. Dist. No. 26 is probably breaking new ground. I doubt very much if any Royal Commission has had a suggestion from a Union as to how these costs can be reduced. It is accounted for I think by the peculiar situation in the Maritime coal industry, the peculiar situation in the industry itself, the growing movement as a social institution, being broadened from a relatively narrow score of gaining wage increases and protecting working conditions, to the area of broad social and economic questions dealing with social securities generally.

BY COMMISSIONER MORRISON - You are not suggesting that this is the first time a trade union has embarked on anything of that kind?
A. No, just in so far as offering suggestions as to the way costs of industry can be reduced.

BY MR. WADE - We have listed those things as being in a broad way the basic factors involved in low unit costs, on the basic assumption that the attainment of low unit costs is the responsibility of the management.

MR. WADE continues brief

PART TEN

MANAGERIAL EFFICIENCY

The Commission has been shown in several documents that Maritime mines, particularly Nova Scotian, submarine and land, are high cost mines, due to depth of cover, nature of cover, distance from shaft to face etc. Without doubt these are important factors, but it is very easy to overemphasize them, as a means of rationalizing

a failure to overcome them.

It is obviously true that the highest technical skill is required under these conditions, yet it is equally true that highly trained men do not manage the mines - a university graduate of a mining school is a rare individual in the Maritime coal industry.

BY MR. WADE - Or so far as my knowledge goes is a university graduate of any shape or description. As the Commission will doubtless remember this point was raised by the Provincial Government, which also stressed the need for the immediate and rapid training of trained engineers, mining engineers.

MR. WADE continues brief

It is also apparent that where difficult natural conditions have to be overcome the greatest possible energy and ingenuity is required of management. This is particularly true of mechanical loading, especially at long wall faces under great roof pressure. The introduction of mechanical loading which has so widely been carried out in the U.S.A. is probably the most important single factor (apart from labor relations) in determining the volume of production.

It is true that mechanical loading does not bring uniform results, but in many cases increased per man day production is large. According to W. H. Young and R. L. Anderson of the U. S. Bureau of Mines" --- Before I read that I would say that this quotation is taken from "Coal Age" of June 1945. --- "Increase in productivity of loading machines over conveyors varies from 1.5 tons per man day in Pennsylvania to 3.49 tons in Ohio, with the average as 3.13 for the United States." In actual fact these figures tend to exaggerate the results of mechanical loading because they are arrived at by calculating the per man day tonnage of mines with and without mechanical loading, seemingly forgetting that the mines with, include nearly all the larger ones.

BY MR. WADE - According to this article by Young and Anderson of the U. S. Bureau of Mines, underground bituminous mines with machines have an average per man day production of 7.29 tons with

a range of 3.23 to 8.99, whereas those without mechanical loading have an average of 4.16 with a range of 2.59 to 5.14. "Coal Age of June 1945."

MR. WADE continues brief

But the introduction of mechanical loading into the maritime mines cannot be done mechanically. That is, energetic and probably expensive experimentation is required - experimentation that will involve failures, skilled personnel, and money, together with the careful training of the miner and his co-operation.

In concluding this section we would point out that mechanical loading and other labor saving devices cannot successfully be introduced except as an integral part of a programme well understood by all, -

BY MR. WADE - And I would like to emphasize that "well understood by all". So far as the evidence indicates any attempts of mechanical loading in the Maritime mines have always been introduced in an isolated vein and without due regard for the human interests involved. If due regard to the human interest and social interest involved is given there would be no difficulty in mechanical loading.

MR. WADE continues brief

for permanently establishing our mines on the kind of footing required by the national interest, and for applying Federal policies for full employment in the coal towns of the Maritimes.

Mechanization introduced in isolation from all other problems and not merely as one aspect of a reconstruction programme for the coal industry and the coal communities, might well turn out to be unproductive.

BY THE CHAIRMAN - I do not just follow that. Do you mean that whatever attempt was made here to mechanize the mines has been done in kind of a piece-meal operation? I don't know what you mean by "isolation from all other problems"?

A. Well mechanical loading on any scale immediately introduces reduction of employment and no consideration, so far as our information goes, has ever been given to the question of employment when the question of mechanization arose!

Q. That is, the same number of men would not be necessary in a mechanized mine as in one that was not?

A. Well seemingly.

BY MR. FRAWLEY - The big objective is to reduce the costs.

A. Yes, and the way to do that is to reduce labour costs.

BY MR. FORSYTHE - It is Mr. Wade's own proposition. He said minimized costs are achieved by maximum production with the least application of labour.

A. That is right.

BY THE CHAIRMAN - You know what the probable result would be if full mechanization would reduce the number of men employed per mine. What is your solution of that problem?

A. Well if mechanical loading does reduce the total labour force, and that is not quite so certain because if you open up a new mine or increase the production capacity, the total labor force may remain the same. You would produce more coal with less men per ton.

Q. I understand it will reduce the amount of manual labor necessary?

A. It is probable.

Q. Don't you start out with that assumption?

A. Let us assume that. If it is going to mean less employment then the carrying out of mechanization must be fitted into a programme for reemployment of the men thrown out of work.

Q. Reemployment in the mines?

A. Or in new industries, or reemployment in some other part of the country.

Q. You would not expect the coal operators which mechanized their mine would look around for new jobs for the men displaced?

A. Well Mr. Chairman you are anticipating me a little here.

Later on I will deal with that question.

MR. WADE continues brief

The Commission has had presented before it evidence concerning the "increasing costs" nature of submarine mining. It is perfectly clear that other things remaining unchanged unit

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C. B. Wade

costs increase as the mines advance. But "other things" need not remain unchanged and in fact have not done so, as is shown by the following figures which reflect one of the basic determinants of unit costs:

NET TONS PER MANDAY PRODUCED IN NOVA SCOTIA

<u>YEAR</u>	<u>NET TONS PER MAN DAY</u>
1902	2.30
1927	2.32
1936	2.33

(Department of Mines, Annual Report, N.S.).

BY MR. WADE - These figures are designed to show that from the year 1902 to 1936 the factors causing increased costs were offset by other factors

BY MR. FORSYTHE - You have 1902 - 2.30, and 1936 - 2.33. What is the meaning of that?

A. The significance is that per man-day production was maintained during that period of years.

Q. Didn't go up much?

A. No, was maintained. In other words the factors causing increaseing costs were off-set during those years by other factors which I will mention in a moment.

Q. That is not a very glamorous picture. It just held its own. You have to go to the second decimal to find any increase?

A. Yes. But I was concerned with the question of off-setting increasing costs.

BY MR. FORSYTHE What does that prove about costs. That is what I am curious about?

A. Well Mr. Forsythe I presume that the figures for per man-day production reflects one of the elements of costs.

Q. But only one?

A. Oh certainly. There could be increases in other costs which are not reflected. Unfortunately we are not provided with the necessary data to analyze costs. We have no information on costs whatsoever except the very general useless figures which are presented to the D.B.S. in Ottawa.

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Q. I thought there were quite a number of costs put before this Commission.

BY COMMISSIONER MACLAURIN - They are being put before the Commission.

BY MR. WADE - They didn't arrive in time for our analysis, unfortunately.

BY COMMISSIONER MORRISON - Of course Mr. Wade's production per man day is usually a good yardstick for estimating the cost.

A. That is what I thought.

Q. Coal miners look upon it as a pretty good yardstick?

A. It is a rough yardstick and has to be used in the absence of more precise figures not made available to the U.M.W. But this static situation is to be contrasted with developments in the U.S.A. and there has been an increase there of 1.56 tons per man day.

MR. WADE continues brief

The fact that for 1944 the figure is less than 2.0 tons is of course not primarily a reflection of the irresistible pressure of increasing costs, but of other factors.

The fact that output per man-day had through the years up to 1936, been maintained, of course is explained largely by managerial skill and the introduction of mechanical devices. But this static situation is to be contrasted with developments in the U.S.A.

NET TONS PER MAN-DAY PRODUCED IN THE U.S.A.

<u>YEAR</u>	<u>NET TONS PER MAN-DAY</u>
1902	3.06
1927	4.55
1936	4.62

(Statistical data concerning the bituminous coal industry, U.S.A.)

The fact that during the last ten years per man day production has topped the 5 tons mark is attributable, we believe, largely to mechanical loading.

We suggest therefore that with a skilful and sustained effort plus the necessary financial resources, there is no reason to think that factors for increasing costs cannot be offset.

There is therefore no reason to assume that the maintenance as a matter of public policy, of a Canadian supply of coal will, though some costs may be involved, lead to increasing costs. As we will suggest later in this submission, the opposite may well be the case.

BY MR. FRAWLEY - You certainly hope to get these Cape Breton costs down, don't you?

A. Yes.

MR. WADE continues brief

PART ELEVEN

THE PROVISION OF ADEQUATE CAPITAL

The failure to energetically and extensively experiment in our mines with mechanical loaders suitable to Maritime conditions is, we believe, closely tied up with the lack of capital.

That the industry has insufficient funds for the proper operation of our mines and of our coal distribution has been in effect admitted. Thus the General Manager of Dominion Coal Company speaking about the Cumberland Railway Coal Company said to the Commission:

"Perhaps I might add here Sir, we are now planning to wash our stoker slack and install an oil treating plant for that coal. When I can get a little money to do so, that is going right in. (page 1209 of evidence).

We would also refer the Commission to Mr. Gordon's statement that "This company (Acadia Coal) is not in a sound financial position" (page 1030 of Evidence).

BY MR. WADE - On page 452 of the evidence Mr. Frawley was questioning Mr. Gordon and he asks this question:

Q. The only consideration you have mentioned then is the supplying of markets?

A. There is of course in addition to that the question of finances. To open up a mine such as would have to be opened up, would require a good deal of money.

I would like to mention at this point Mr. Chairman, that there is one psychological effect of great importance in this

area and that is a belief (whether right or wrong I am not prepared to say) there is a belief that the parent company of the Dominion Coal Company is not primarily interested in the social and economic development of Cape Breton or of Nova Scotia. That belief plays a great part, a very important part in the relations between the miners and the operator and the community generally and the operator, and the correctness of that belief would seem to be substantiated by the fact that a mining engineer such as the General Manager of the Dominion Coal Company is put in the embarrassing position of having to admit that for the lack of a few dollars he has been unable to have an oil treating plant, or at least that the lack of funds might prevent him getting an oil treating plant. Now I suggest that a mining engineer like all other professional men are very interested in doing a good job, and the fact that Cumberland Railway & Coal Company has not an oil treating plant, as it should have, I am quite sure would not be due to the General Manager of the Dominion Coal, but rather to those people who provide him with the necessary funds. I mention that because it is not mentioned anywhere else in this brief, and yet it is a factor of great importance, the more precise significance of which will probably appear later on in this brief.

MR. WADE continues brief

We submit that a situation of this kind cannot be allowed to continue. Our thesis is that the national interest requires the greatest quantity of Canadian coal at the lowest social cost and that the nation is willing (if necessary) to contribute to this end. Obviously, this same national interest will insistently demand that the objective shall not be defeated merely because those to whom the coal has been handed over for operation are not in a position to perform the major task required of them, viz: the provision of ample capital for continual improvement in productivity.

This lack of aggressiveness in managerial policy and lack of capital is also reflected in the failure to properly

prepare the coal for different markets. The Commission has already received ample evidence on this score.

BY MR. WADE - In that connection I might refer the Commission to the submission of the Hamilton By-products Plant in which, as you know, they refer to the difficulty or impossibility of obtaining Nova Scotia coal of the right quality, coal which they are or were well prepared to buy.

MR. WADE continues brief.

PART TWELVE

UTILIZATION OF COAL RESERVES

The problem we are dealing with is how the Maritime coal industry can achieve maximum production at the lowest social cost so that Canada may have an assured supply of at least 50% of her coal needs; together with the related problem of implementing government's stated policy of achieving full employment and social security in so far as this relates to the coal industry.

In this context the question of coal reserves - whether or not they should be utilized, how and when and to what extent - these questions are of extreme importance. And we might add at this point that all we have said on the question of the place of coal in the economy points to the overwhelming need for government direction in the utilization of reserves. For example there are as the Commission of course knows different qualities of coal - even different qualities of bituminous coal. The question then arises: is it in the national interest to exploit our best quality coals leaving the poorer grades for future generations of Canadians? That this has been and is now, the policy followed by the industry in Nova Scotia there can be no question whatsoever. The cessation of work on the Phalen and Harbour seams at Donkin and the seams at Port Morien, on the grounds of "poor quality" are but two examples. It is obvious that the exploitation of the best seams first must be the policy of any operator. Private concerns cannot be concerned with the national interest, but solely or primarily with augmenting capital. Naturally, matters of national concern can be handled only by the nation's representatives, and

cannot be hoisted on to the shoulders of individuals.

BY MR. WADE - At this point I would like to quote pages 320 and 321 of the evidence, Mr. McColl speaking - "Well when we develop a seam and find it not profitable, we have to examine and find out why. We have to find whether it is the quality of the coal, or the high cost of extraction, and we have to be governed by that. We still maintain our rights over that leasehold. We continue to pay to the Government the annual rental of that and maintain our rights, with a view that at some future date when conditions change and perhaps new inventions take place, there may be a demand for that quality of coal, or there may be a development that comes in by which we can mine that coal at a profit, if it was that angle that stopped us.

Q. And you are not readily disposed to enter into subleases with other operating companies who might be willing to take a chance and go into a working that you did not think profitable?

A. No Sir, we are not willing to sublease them.

Q. That really is something that you have arrived at as a policy?

A. Yes. We wish to retain control of such areas as we have containing reserves, because although we show 190 years for these mines out at sea, yet if the demand for coal increases we have to open up somewhere else. We cannot increase from the submarine areas and we have to open up some of the inferior coal on the land areas and work them ourselves.

Our thought on that is that not only does the operator fail to utilize our poorer quality seams, but he unnecessarily also sees to it that no one else shall utilize them. It is our contention that the question in the case of a vital, a scarce, and a diminishing resource such as coal, it is our contention that the utilization of that resource is a matter of grave public concern and cannot be left to the trade cycles and other economic up's and down's that necessarily determine the behaviour of a private enterprise.

MR. WADE continues brief.

This question of the utilization of reserves is not only one of guarding the interests of the nation and of future generations" --- I think great emphasis should be given to the question of future generations --- "It has more local, yet

vitally important significance as is evidenced by the plight of people in Reserve Mines, Port Morien, Birch Grove and Donkin. When whole communities are torn apart, not because of the final extraction of all the available coal, but because either height or quality does not, in the judgment of the operator, warrant its extraction, it is apparent that not only national but also local, interests imperatively demand public supervision and a clear, long range public policy.

BY THE CHAIRMAN - Are you giving us as a fact that the closing down of Port Morien, Birch Grove and Donkin, that the cause of that was poor coal?

A. That is the information that is on the records coming from the Company, Mr. Chairman. I have not the documents with me at the moment, but if you would like me to I can produce them.

Q. I would like to see it.

A. I would like to point out that when I talk of the plight of people in these various places, the main point is that the community would have originally been built up particularly on the basis of taxes chargeable against the industry in that particular community. The mine leaves and that tax source leaves, and so these people are left with a tax base that is very much smaller than a town with industry. Glace Bay has many mines on which it can draw for taxes, and Donkin has none. And Professor McGregor Dawson recommends the consolidation of the various towns in this area particularly on the ground that the people in those ghost towns contribute to the taxes of Glace Bay in the sense that they go and work in Glace Bay but they get no benefit from the taxes of the industry in which they work.

MR. WADE continues brief.

The utilization of our coal reserves according to a nationally determined plan is a question that cannot be separated from the matter of the treatment and the use of coal, nor so far as the Maritimes are concerned, from the question of capital.

To take the last point first, the Acadia Coal Company informed the Emergency Fuel Protection Board that it has insufficient

resources to extract the coal at Thorburn. (Answer to Commission's question Nos. 9 and 10).

BY MR. WADE - And I would refer the Commission to the Company's answer to Commission's questions Nos. 9 and 10, and while I am at this point I would like to draw the attention of the Commission to a very peculiar discrepancy. On page 14 of this Brief if we may so call it, to the Emergency Production Board, the Acadia Coal Company has the following to say: "From its knowledge of the financial affairs of the Acadia Coal Company the Emergency Production Board will readily appreciate that the financing of this project is quite beyond the resources of this Company.

(Pg. 4 of answer to Commission questions 9 and 10)

That statement was made in March 1945. Now we turn to page 28 to the answer to Commission's question No. 2 and the following is the statement presented as evidence to the Commission. "The McBane seam has not been re-opened because in the years prior to the war the capacity of the existing mines of the company was greater than the market demand, and it was not opened during the war because of a shortage of man power. " That last answer by the way was written in 1945, obviously.

BY COMMISSIONER MORRISON - Who was giving the evidence?

1. It was not in the form of evidence. It was a written answer to Commission's question No. 2 of that series of questions which were asked of the Company, so I do not know who was the author of that comment. One turns over the page and we find "An application was made by Mr. Charles A. Mitchell of East Wakeford, U.S.A. on the 5th of November, 1943, for a sublease of the Lennox slope leading to the McBane seam and an undefined area of the McBane Seam. This application was refused because the company was prepared to open the McBane seam at that time had it not been that there was insufficient man power available." Now of course it is impossible for us to say whether the McBane seam was not opened because, as the Emergency Production Board was told, that it was quite beyond the resources of the company, or for shortage of labor.

BY MR. FORSYTHE - Is it not a fact that in the same series of questions, questions 9 and 10 occurred to which you referred.

Mr. Wade has referred to a statement made to the Emergency Fuel Production Board and then to the answer to Question 2 of the Questionnaire submitted by this Commission, and he suggested there is some discrepancy. I am asking him whether in the same Questionnaire there were not questions 9 and 10 to which he has referred here?

A. I have already given you that, because I say that the report to the Emergency Board was contained as part of the Company's answer to questions 9 and 10.

Q. Then there was not much discrepancy when you added the whole thing up.

A. It depends on your interpretation of the word discrepancy. However, at any rate we have assumed that the Acadia Coal Company had not the resources to open the mine at Thorburn, and I think that conclusion is justified by the statement of Mr. Gordon as previously given.

MR. WADE continues brief.

Thus we are presented with the intolerable situation that for the lack of a few dollars coal is not produced that would have materially helped a critical situation that still prevails. In addition, the attainment of full employment in Nova Scotia is hindered to the extent that miners could be employed in producing badly needed coal - all this because coal is treated on a par with, say the cosmetics industry and coal is produced or not produced not according to national policies for fuel and full employment, but according to the ability or otherwise of a handful of individuals to persuade another handful to lend them capital.

BY MR. WADE - And incidentally I would like to point out that the fact that the Acadia Coal Company has not the resources to open the Thorburn mine is not any particular criticism to the Coal Company. If it has not the resources it hasn't got them. But our point is that if it has not the resources they must be found from some other source.

BY THE CHAIRMAN - It was not due to resources, because if my information is correct, the Acadia Coal Company was offered the resources by the Government, and they didn't have the men, and it would hurt their production in Acadia. I think you can put it down that the reason the McBane seam was not opened was because they didn't have the man power. The Acadia Coal Company was offered capital to open up the mine, as I understand it.

BY MR. FORSYTHE - But the war is not on now, Mr. Chairman. And still there is the fact that the Acadia Coal Company has not the money to do it.

BY COMMISSIONER McLAURIN - No need of laboring that.

BY MR. WADE - I am sorry to have made the point, but in our opinion insufficient attention has been given to the significance of the fact that they have not resources. In our opinion that is one of the most important things to be dealt with.

BY MR. FRAWLEY - Mr. Morrison will open that up and you can ask him all kinds of questions on that, and then you will know if they have the money or not.

MR. WADE continues Brief.

Concerning the relationship between the utilization of coal reserves and the treatment of coal for different markets. We have already remarked that the policy now being followed is to leave the poorer quality coal for future generations. In justification of this it might be said that no one will buy these coals. This is an easy answer but is not necessarily true. Firstly, coal can be treated, and secondly, a coal, generally speaking, is "poor" only in relation to the equipment in which it is burned or the use to which it is put.

BY MR. WADE - We did not consider it necessary to go into details on the question of the treatment of coal and combustion equipment, because particularly on the question of the steps that should be taken in the way of treating poor quality coals, the brief of the Provincial Government has already dealt with the matter in a fairly adequate manner.

MR. WADE continues brief

No aggressive leadership has been given and no funds expended by the industry in the Maritimes, so far as the evidence reveals, on research for new equipment and new uses.

BY MR. WADE - As the Provincial Government's brief says "Laboratories and staff are necessary. The Nova Scotia coal industry needs technical assistance with these and financial help in their accomplishment."

MR. WADE continues brief.

Everything indicates that the industry has not the resources such as are possessed by the aluminum industry or the great electrical concerns who spend huge sums in their research laboratories. And to us it is equally clear that an integral part of a national policy for the proper long range utilization of our resources, must be the most extensive research into (a) new uses for coal (b) new equipment for Canadian qualities of bituminous coal (c) new methods for treating unsuitable coals. Such research requires funds which can be provided only by government and should be provided by government as part of a well integrated, constructive, long range programme of reconstruction.

BY COMMISSIONER MORRISON - At that point, what do you mean by "only by government"?

BY COMMISSIONER McLAURIN - It is not a matter of great concern that the Acadia Coal Company has no money. It will be loaned by the Government.

BY COMMISSIONER MORRISON - Why would you not let private enterprise go ahead?

A. It means that such research requires funds which could be provided only by government. As far as our knowledge extends, the industry here cannot provide that money.

Q. You know more about that I am sure.

A. But we are not taking any position at this point on the question of whether private industry should provide it or should not.

Q. I am wondering what your reaction would be to another group coming in and expanding resources in this area and putting up their

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own money. You would have no objection, would you?

A. I think if another group..

Q. Or the group here now. Suppose they went out. A lot of people say we need money, and suppose they found it, you would have no objection to anything of that sort?

A. Are you confining your question to this one question of funds, or research, or the question of management of the industry as a whole?

Q. As a whole?

A. I would say it would be immaterial through what agency a correct programme was implemented for this industry. The main thing is that a programme such as we are going to suggest, should be implemented.

Q. I think you are suggesting government aid in the case of Acadia, you refer to it as a terrible state of affairs that the coal cannot be developed because of lack of capital, and you intimate that someone should put up that capital. Is that right?

A. Yes.

Q. Whether from government or from private sources?

A. Well the question arises, is it possible to have a national policy for the utilization of our coal resources and all that implies, is it possible to have that national policy implemented by a private group?

Q. That is what I am getting to. What have you to say in that respect?

A. In respect of the point I just made?

Q. Yes?

A. That is coming up Mr. Morrison. You are anticipating me again.

Q. In going to the government for these needed funds, do you say the funds should be turned over to the Acadia Coal Company to do these things you are asking to have done?

A. Not to the Acadia Coal Company.

BY COMMISSIONER McLAURIN - Do I take it, speaking for U.M.W. Dist. 26, that you are opposed to private enterprise in this industry?

A. Opposed to private enterprise in this industry? I think I should be permitted to follow this brief through. The question has

been taken up and I should just be repeating myself a couple of hours from now.

Q. You will undertake to answer that categorically?

A. Yes. It is just a question of saving time.

MR. WADE continues brief

As the Halifax Herald has said editorially:

"It is a great pity, indeed it is very discouraging to find leaders in Canadian industry and public affairs ending their discussions for the most part with the "fuel" aspect of the Canadian coal mining question. While no sensible person imagines that expensive varied by-products industries can be established overnight, every person of vision and imagination realizes that the future of the Canadian coal industry lies in the scientific approach to its problem ... the scientific approach is no "fairy-take" it is a matter of amply demonstrated achievement. But if we in Canada are to exploit it, we will have to spend more than a pitiful 29 cents per capita per annum on scientific research."

(Halifax Herald, Editorial, Feb. 9, 1945).

There remains one further aspect to the question of the proper utilization of resources. Not only is coal, known fairly certainly to be of poorer quality being by-passed, but also coal that is merely thought to be so.

For example the following exchange took place between Commission counsel and the General Manager of the Dominion Coal:

Frawley: "You say nothing is known of the behaviour of this seam at depth?"
(Mullins seam)

McCall: "No".

Frawley: "Could you not drill"?

McCall: "It could be drilled but the results on the surface were not very encouraging, shall we say, to put it mildly, and we have no occasion to work coal of that nature at the present time and we have not done any prospecting on it."

Were there unlimited reserves of coal in Canada or in the Maritimes, the future might well be no urgent matter and we would not concern ourselves as to the exact quantity and

quality of our reserves or the order in which they were opened up, just as (to our cost) we failed entirely to exercise control over the destruction of our forest resources which at one time seemed "limitless".

But our reserves are limited - especially so in the Maritimes and there can surely be no excuse in the light of experience, for a failure now, to develop a public policy for their exploration and utilization. The above conversation makes it clear that our reserves have not yet been fully examined and that neither national nor Maritime interests determine the extent or nature of what examination or exploration does go on.

One might quote as a further example the stoppage of work on the west side of Florence Colliery. The coal thinned out but no one knows if it again thickens at some more advanced point. It is obvious that only government with national and community interests as its guide can afford to determine such a question: certainly it is questionable whether any private concern can be expected to have either the desire or the funds.

BY MR. FRAWLEY - That I can't understand. It is owned by the Dominion Coal Company, why should they not go out and find it?

A. They don't own it.

Q. They lease it. Why should the Government come in to find out if the Dominion Coal has some coal there?

A. We are suggesting that it is necessary for Canada to know what coal resources it has, and that they be utilized now only in the light of present needs, but of future needs. No private concern is going to find out if that coal thickens or not, until it has to. The money spent on examining that coal is a matter to be determined in the light of national interests.

Q. That has been leased for 99 years to the Dominion Coal Company. Let us say for all practical purposes they are their private property. Is it not their business to find out?

A. We may still be living under the system of private interests but we still have Trans-Canada Air Line.

Q. I don't get the connection.

A. The question as to whether or not we are living under a system of private enterprise. I can't see the relevance of that point.

BY COMMISSIONER McLAURIN - That answers the question I asked. You really believe in public ownership? You just said we have Trans-Canada Air Lines, which is a public industry. Your position is that the coal mines should be on that basis, the same as the Trans-Canada Air Lines? And speaking with the authority of U.M.W. District 26, that is the position you take?

BY MR. JENKINS - The brief is there, and I understand that when the brief is being read clarification is being ascertained, and after that if there are any questions you can question the officers and parties concerned in presenting the brief.

BY COMMISSIONER McLAURIN - You don't agree with Mr. Wade's answer, Mr. Jenkins?

A. I am not saying anything

Q. You got to your feet, and do you accept Mr. Wade's answer, or don't you?

A. If you do, it does not say that I do. I say in clarification in connection with the brief questions should be asked, but I think questions are being asked irrelevant to what is in the brief.

BY COMMISSIONER McLAURIN - We are treating Mr. Wade the same as all other witnesses, Mr. Gray and Mr. McColl, and as we have treated all witnesses across Canada.

BY THE CHAIRMAN - They have sent representatives, in many cases a lawyer, who would read a brief, and he was representing whatever industry it might be, and we would ask him questions, and if he didn't have the facts, then he appealed to some of those technical men whom he represents. Mr. Wade has said he represents the U.M.W. and as a representative of the U.M.W. he is in favor of the nationalization of mines.

BY MR. JENKINS - I am not saying that that is not the case.

BY COMMISSIONER McLAURIN - But you didn't say that it is the case, either.

BY MR. WADE - I think Mr. Jenkins simply means that one is anticipating the brief.

BY THE CHAIRMAN - I have not read the brief yet, but I got some idea from Mr. Cohen when he was here, in his opening remarks, or perhaps his closing remarks, that he was quite prepared to say that if this Dominion Coal Company, or the operators of Nova Scotia, were unable successfully to carry on the coal industry, then private enterprise should give way to nationalization of mines.

BY MR. WADE - That is the position taken in the brief.

MR. WADE continues brief.

In concluding this section we give below the seams (or section of seams) listed by the company as "other coal resources" (as distinguished from "Developed Reserves") and described as "seams of coal which may be of less value than those now being worked or which by reason of physical conditions cannot be profitably mined at the present time or that cannot now be proven on account of inaccessibility and where all evidence appears to indicate a gradual deterioration in the seams as they proceed in certain directions" (Memorandum as to Leaseholds, page 4).

(This Table gives the quantities in these undeveloped seams or sections of seams.)

SEAM (Cape Breton)	LONG TONS (millions)
Hub	141
Harbor	88
Phalon	101
Spencer	10
Gardiner	9
Mullins	25
Tracey	28
Lloyd's Cove	51
Subbert	75
Indian Cove	5
Franklyn	3
(Stellarton)	
Westville	8
Sundry Seams	<u>5</u>
TOTAL	549

We suggest that the question of the utilization of over 549 million tons of undeveloped reserves of coal (not to mention an approximately similar quantity of developed reserves) should be a

matter of the most searching public investigation and the closest control. This is necessary both for the purpose of utilizing our reserves to the fullest advantage for future generations as well as our own, for the best development of the Province to which these reserves belong, and for the most efficient implementation of government policy for full employment.

We again feel impelled to draw to the Commission's attention that coal is a vital national necessity. The production and distribution of coal is just as much a matter for public concern as is the collection and distribution of water, and the production of munitions or the atomic bomb.

PART THIRTEEN

MARKETABILITY OF COAL

We have urged the need for a Canadian supply of coal equal to at least 50% of our needs and we have suggested why, in order to secure this, Canadian production East or West must be given whatever assistance is needed (if any) in markets outside those strictly commercial. We have also suggested that in order that this coal may be produced at the lowest social cost production must be maintained at 10 million tons in the Maritimes.

The question may be, and in fact has been, raised: but supposing let us say Ontario, does not want Maritime type coal? Is one to force it on the consumer? Clearly this is an important question, for if there is met a refusal to use Maritime coal how can production be maintained?

The Provincial Government has estimated that in order to maintain Nova Scotian production at 9 millions, over 2 million tons must be sold in Ontario. Do Ontario consumers, domestic or industrial, want this quantity of Maritime bituminous coals? Or does Quebec want 2 million tons of our coal, which is the amount allocated to that Province by Provincial government?

We have in fact already suggested the answer. As to whether or not Ontario (or any other) consumers will buy our coal in sufficient quantity will, in a free market depend largely upon:

- (1) Price
- (2) Quality
- (3) Combustion Equipment.

Our answer to the pricing problem is implicit in what we have said concerning the value to the nation of maintaining coal production with public assistance if needed, in what we have said and will say later on, concerning the reduction of costs and the special type of public assistance yet to be discussed.

BY MR. FRAWLEY - You have no real doubt? If the price was low enough you would displace the other coal, just common garden variety price would certainly sell a lot of Nova Scotia coal.

A. Yes a lot, but it would not entirely displace a certain quantity of American coal.

Q. Is not price the big factor by all odds?

A. I don't know that that generalization would be true. It would not displace anthracite necessarily. Lots of people are prepared to pay much more for anthracite.

BY THE CHAIRMAN - It did displace anthracite in Winnipeg very materially.

A. It is obvious the price has very much to do with it. People are willing to put up with an inferior article ..

Q. It displaced American coal in the plant of International Nickel which is the biggest consumer probably in Canada. Just pure and simple price enabled it enabled them to put the coal into Copperville, Ontario.

A. The quality was comparable?

Q. Yes?

A. Would it have moved in there if the quality had not been comparable?

Q. If the price had been low enough perhaps it would.

MR. WADE continues brief.

As for quality, a great deal of evidence has been presented to the Commission proving that this has been badly neglected in the Maritimes - particularly in relation to the domestic market. There is no question that with proper cleaning and oil treating and attention to uniform quality, markets will be available

that now are shut tight against our coal. Naturally the damage done by the failure to follow a modern, aggressive policy in this field will take time to repair. Once again of course there arises the question of the inadequate sources of capital available to the industry, and needed for modern equipment. And once again we would urge that both national and provincial interests demand that this barrier to the efficient utilization of our reserves and to full employment, be removed.

Finally there is the question of combustion equipment. To the Commission there has been submitted evidence that it is now possible to produce stoves and furnaces that will not coke, clinker or smoke when burning Maritime coals.

It seems entirely reasonable to believe that were the industry to initiate a vigorous campaign for the sale of such equipment together with stokers, using the plan found to be so successful by the oil companies, a large market now closed, would be opened up.

BY MR. WADE - According to the evidence on page 3008 of the evidence, bituminous coal used for household fuel in 1942 was approximately 3 million tons. Anthracite used for household fuel was approximately the same amount. In Quebec 1 million 250 thousand tons of anthracite for household fuel and approximately a similar amount of bituminous coal for the same purpose.

BY MR. FORSYTHE - And the 3 million tons you referred to before? A. Ontario. It was about equally divided between anthracite and bituminous. According to Canadian business from 1935 to 1942 Nova Scotia has provided something less than 10% of the total bituminous coal used in Ontario. After 1940 of course it dropped down to very much less than 10%.

MR. WADE continues brief

Furthermore, there can be no reason why special financial arrangements cannot be made to encourage Ontario and Quebec industrial users to convert to equipment suitable to our coals.

But once more do we run up against the lack of capital

and the reluctance of the industry to assume risks. On page 1030 of the evidence the following conversation is recorded:

WADE: "So you have no intention of trying to get the necessary capital to put into effect such a sales policy?"
(This refers to selling and installing new smokeless and clinkerless equipment)

GORDON: "No. This is far too risky an undertaking for the Acadia Coal."

BY MR. FRAWLEY - I guess he wasn't wrong either,

A. No, probably not.

MR. WADE continues brief

At the risk of being tiresomely repititious we repeat our position that the interests of the entire nation require the maintenance of Canadian coal mines. Under no circumstances can this need be refused for such trivial reasons as the inability of the present owners of the industry to assume risks and provide capital. Such a situation would indeed be placing private interests above those of the public and would indeed run counter to the stated Federal policies of the full and most effective employment of our material and human resources.

BY MR. FRAWLEY - So I will understand you are virtually saying the Government must come in, because there is nothing very trivial about being unable to buy the equipment necessary to do the job.

A. But in relation to a country which has a national income of 9 billions a year, we would regard it as trivial, the sum that would be required here, two hundred thousand dollars.

Q. But Mr. Gordon could not do it?

A. In relation to the needs of the nation and the wealth of the nation, it is trivial.

BY MR. FORSYTHE - I don't just understand what Mr. Wade means by this. Is it the national need that Mr. Gordon should have clinkerless stoker equipment sold for users to use Acadia coal?

A. No, my position is that such equipment must be provided and it is in the national interests to provide it. I am not saying whether Mr. Gordon should provide it or not.

A. No, that is not what I said either. Mr. Gordon said he could not provide it.

A. We are simply suggesting what should be done.

(Page 3522 follows)

P A R T 14SKILL AND WELL-BEING OF LABOR FORCE
AND MANAGEMENT-LABOR RELATIONS

"In parts 9 to 13 of this submission we have presented our views on certain aspects of the problem of producing Maritime coal at the lowest social cost and this problem has been related to the need for maintaining at least the existing Canadian coal mines in full production.

"We have asserted the imperativeness of having available a Canadian supply of coal and that this can be achieved in line with government policy for full employment and social security, only by enabling Canadian mines to provide full employment and adequate living standards to those who produce coal.

"There is one more aspect of the problem of minimum social costs yet to be considered.

"The skill and well being of any labor force, and management-labor relations, are among the most important factors determining output and therefore costs. To anyone who has studied the rise in labor productivity during the 19th century or the experience of the Nazis with slave labor, this point will need no amplification.

"We will now proceed to a discussion of these two related aspects of the question of labor productivity.

"Those who have studied the industry all seem to agree that relations between management and men are antagonistic.

"For example as Prof. Kierstead writes:

'The history of labour-employee relationships in Cape Breton and Eastern Nova Scotia is a long and unhappy one. In their time the men have been subjected to the truck system, to labour spies, to anti-union violence, and to most wretched and miserable living conditions.' (The Economic Effects of the War on the Maritime Provinces of Canada).

BY THE CHAIRMAN: When was that written?

A Kierstead wrote The Economic Effects of the War on the Maritime Provinces of Canada in 1944, I think, last year.

BY MR. FRAWLEY: Is it just a book or is it a submission to a Commission?

A I think he wrote it on behalf of the Provincial Government.

BY COMMISSIONER McLAURIN: Might I infer from that that you say there are labor spies now?

A No, no.

Q You are not suggesting there is a truck system now?

A No.

Q That is all history? That doesn't refer to abuses that exist today?

A No. I state that explicitly in a couple of pages.

MR. WADE continues brief:

"There can be little question that the policies and attitudes of both corporation management and union leadership and membership, have been profoundly influenced by the marginal position of the industry which has lent itself to sub-standard earnings coupled with job insecurity and chronic unemployment.

"Professor Logan (in the report on labour relations for the Royal Commission on Provincial Development and Rehabilitation) estimates average monthly earnings to have been:

1934	\$ 95.80
1935	87.26
1936	95.13
1937	100.50
1938	88.50
1939	98.50

BY MR. FRAWLEY: That is the Dawson Commission, is it?

A Right, and as you see, they vary from a low of \$87 in 1935 to a high of \$100 a month in 1937. (Continues brief):

"As Professor Logan says: 'On a basis of calculations made for other parts of Canada, they (i.e. earnings) fell well below the figure of a minimum standard of living assuming a single worker supporting a family.' The Toronto Welfare Council estimated that the amount necessary in 1939 for a minimum budget for a family of five was \$1,474.20. In 1944 it was \$1,850.05, which is a figure it is barely possible (theoretically) for a datal paid man to reach today."

And I should explain, Mr. Chairman, that those figures

are for a very, very minimum budget. For example, they do not include any provision for running a car; they assume in the way of food that the housewife has had a four-year course in dietetics at the University of Toronto or somewhere else.

BY MR. FORSYTH: Is that actually a fact? I am interested in this because this Toronto Welfare Council figure has been thrown at me every time I have appeared before anybody having anything to do with wages. Now I want to know if you are stating that as a fact, that four-year course at the University of Toronto?

MR. WADE: No, Mr. Forsyth, I was being facetious.

BY MR. FORSYTH: I am glad to know it. I thought there was something phony about that thing.

MR. WADE: It does say that the housewife would have to use the utmost skill and ingenuity. I infer that the housewife could only acquire that skill --

BY MR. FRAWLEY: In Toronto?

MR. WADE continues brief:

"The Dominion Coal Company once presented the following figures:

<u>ANNUAL EARNINGS</u>								
<u>SURFACE</u>			<u>UNDERGROUND</u>			<u>MINING</u>		<u>AUXILIARIES</u>
No. of men	\$		No. of men	\$		No. of men	\$	No. of men \$
1937	895	1,084	3,548	1,100	3,157	1,508	800	1,211
1938	963	913	3,585	901	3,238	1,264	868	1,199
1939	976	1,022	3,673	1,027	3,206	1,486	781	1,186

Those were presented in a document which when I came to look for the reference to fill it in here I was unable to find at the moment, so I will have to, for the purpose of the record, hunt up that document and give you the reference. (Continues brief):

"Thus it can be said that for many years up to the recent wage increases, the great majority of employees in coal mines in Nova Scotia have lived below a minimum budget standard, and

this standard we should add is a bare minimum and is very much below a bare minimum for families of more than five.

"As for unemployment, the Dominion Coal Company (in Exhibit 33) records that in 1938 only 3548 men out of 8184 or 43% worked more than 186 shifts. Only a few hundred worked more than 250 shifts. In Springhill, even in 1939, nearly 70% worked less than 230 shifts."

BY MR. FORSYTH: Now are you speaking there of available shifts?

A No, those are the actual shifts worked.

Q If people had wanted to work they could have worked more, that is what I am speaking about.

A I think in 1938 everybody was so short of shifts that they worked all they possibly could.

Q Well, let's look at 1939?

A I would think so. That is a matter of opinion naturally.

Q Well, I don't know. The statement, unless you consider that aspect of it, doesn't mean much, does it?

BY MR. FRAWLEY: Well, Exhibit 33 must tell the whole story surely?

A No, it just lists the number of men who worked different numbers of shifts.

MR. WADE continues brief:

"As the company has explained (its answer to commission question 7):

'....for many years (prior to the war) we had worked only a five day week'..."

BY COMMISSIONER MORRISON: Miners are in favor of a five day week, aren't they?

A Well, the question of a five day week cannot be separated from the question of weekly income.

BY MR. FRAWLEY: What do you mean by that?

A Well, you can't suddenly drop down from six to five and lose a day's pay.

Q Well, over on the North Side they only work five days?

BY COMMISSIONER MORRISON: You are aware that the five day week is the policy of the United Mine Workers of America, both international and other districts?

A Yes, but I presume that they don't treat it out of relation to a question of a drop in wages.

BY MR. FRAWLEY: Well, they don't get six days pay for five days work, do they, in those other places?

BY COMMISSIONER MORRISON: From what you have seen here, as a comparative stranger around coal mines, I take it, from what you have seen would you say that five days a week was enough for any coal miner to work underground?

A Certainly.

BY MR. FRAWLEY: I think we should know all about this five day week but I didn't understand that you would just drop down to five days a week and then get paid for six. Just assume now that I know nothing of the thing, and enlighten me.

A It is a very deceptive way of putting it; it seems that somebody is being cheated out of a day's work.

BY COMMISSIONER McLAURIN: Take the present wage scale. You are not ready to take five days a week, I mean your organization is not?

A You mean and drop a day's pay?

Q Not dropping any pay. I say on the present wage scales the people you represent are not ready to have the industry geared on a five day operation?

A Well, as far as I know the answer is no, they would not be prepared to.

BY MR. FRAWLEY: I wish somebody would explain the North Side situation. Apparently the same kind of workers, belonging to the same union, working five days a week; no grief, no bloodshed.

A Maybe members of the executive could explain that; I don't know the history of that.

Q There may be a long history, but I want to know. In Glace Bay and Waterford they insist on a six day week.

BY MR. FORSYTH: They insist on the collieries being open but they don't insist on working the six days.

BY MR. FRAWLEY: I wish you would explain the difference to me, why the North Side miners only work five days.

BY COMMISSIONER McLAURIN: His position is he says he can't do it himself.

BY THE CHAIRMAN: Have they been working five full days over at Sydney Mines?

BY MR. FRAWLEY: My point is they don't work the sixth day.

BY THE CHAIRMAN: But have they been working five days?

BY MR. FRAWLEY: Oh, not even the five days, maybe, I don't know, but I mean it is very troublesome, the question of five days. We have it on the North Side but not here.

MR. WADE: The only reason one has not got it in Glace Bay is that the men in Glace Bay are not going to drop a day's wages.

BY MR. FRAWLEY: Well, that may be the answer, but were they willing, this same kind of miners, belonging to the same union, willing to do it on the North Side?

A Well, as I say, I don't know the history of it and only by examining the history of it can one get the answer.

Q That is what I want. I don't want you to develop it now; a memorandum or something.

BY COMMISSIONER McLAURIN: Mr. Jenkins or some of the officers here could surely answer that verbally.

MR. WADE continues brief:

"The following are the number of days the pits worked by the Dominion Coal in the years shown:

<u>YEAR</u>	<u>PIT DAYS</u>
1935	190
1936	197
1937	230
1938	184

"In 1931 only during 135 days were the pits open and in 1932 during only 104 days."

Those figures are all taken from the annual report of the Department of Mines.

"These conditions have resulted in a severe struggle by the miner through his union, to protect himself and his family from malnutrition and sub-standard living and social conditions."

That is these conditions, referring to the marginal nature of the industry, to the low wages and to the unemployment. (Continues brief):

"The company, faced with marketing and 'increasing cost' problems, has consistently fought all wage demands and improvements in working conditions of any appreciable cost and has rarely provided its employees with a full year's employment.

"Such a situation, of workers striving to attain decent living standards and a management faced with severe price competition from the U.S.A., under conditions of rigid or increasing costs is bound under any circumstances to give rise to bitter struggles and accusations of 'exploitation' on the one hand and charges of 'unreasonableness' and ill-discipline, on the other.

"But in the peculiar circumstances of a one-industry, one-company area such strife is likely to be even more severe than in an area with alternative employment, unless that is, the employer displays high qualities of leadership, a real sympathy with the aspirations of the miner, a real understanding of the social function of a union and a high degree of skill in labor relations.

"In the one-industry and one-company coal areas in Nova Scotia thousands are not only forced to work in the mines quite irrespective of whether or not they are suited for this occupation, but their choice of employer is also decided for them."

And I would mention here, Mr. Chairman, that there must be, though I have no definite evidence for it, there must be a great deal of occupational maladjustment in the mines here; that is to say, young fellows who would much rather be working in Vickers or in some well oiled machine shop than in the mines.

BY MR. FRAWLEY: Why can't they get out of here? The trains run.

A Well, Mr. Frawley, the fare to Montreal is in the neighborhood of \$50 or \$60. You can't go to Montreal and have a job waiting for you; you can't go to Montreal and have a house waiting for you; you can't take your family and friends with you; and those factors make it virtually impossible for young fellows to go to Montreal.

BY COMMISSIONER McLAURIN: Well, Mr. Forsyth and Mr. Morrison found a way of getting out.

BY MR. FRAWLEY: I was wondering why they should stop at Montreal.

BY MR. FORSYTH: I took a look at Edmonton and came back.

MR. WADE: They are forced to go into the mines to earn a living--they go in at 14 or 16, you know--and they are often forced to go because their families have to have the income.

BY MR. FRAWLEY: I am not at all flippant about it, it is a very serious problem, but it is remarkable that they have to stick in this coal mining industry whether they like it or not. That's what it is?

A Yes, certainly.

Q Are they going back to the pits, the boys being released from the services?

A I don't know what the situation is. It is just beginning to develop. There have not been any substantial numbers back yet. I might mention, you know, that one's family and the friends among whom one has been brought up are important factors and they are very valuable social attributes that should be encouraged in many respects.

Q I wouldn't know so much about that, so pardon me.

MR. WADE continues brief:

"Under such circumstances, when men without trade or training other than mining, but with energy and capacity, strive to better their living standards they naturally find as the first obstacle the sole employer who will not (or cannot) pay better wages and provide uninterrupted employment. If other sources of employment existed together with other employers, a better standard of living would be sought from these and Dosco might

not then stand out as the one ever present obstacle. Dissatisfaction would find expression in a much larger labor turnover than now prevails in the mines and so many men would not spend their entire lives fighting with the same concern."

And I would suggest, Mr. Chairman, that there is a great deal of difference in fighting with half a dozen different concerns at different times than fighting with the same concern.

BY COMMISSIONER MORRISON: What was that again?

MR. WADE: There is a great difference between fighting with half a dozen different concerns at different times and fighting constantly, continuously, with the same firm.

BY COMMISSIONER MORRISON: Well, a change of scenery is good sometimes.

BY MR. FRAWLEY: I thought those Cape Bretoners were Scotch, not Irish.

MR. WADE continues brief:

"In a 'closed' area of this kind history is handed down from father to son and the open and often violent, attempts of the company (culminating in the great 1925 strike) to break the union and to divide men and leaders are not forgotten. (For a history of the years up to 1925 we refer the Commission to the evidence and cross-examination of the 1925 Duncan Commission).

"Since 1925, company spies (at least in organized form) have been withdrawn, company stores were not reopened and the use of police and troops has not been repeated. But though open and frank opposition to the union ceased in 1925, in no sense can it be said that the company has ever genuinely accepted it as an integral part of the industry with both rights and responsibilities. This is suggested by its refusal to this day to agree to a union shop clause in our contract. It is well known that without this certain responsibilities relating to inner union discipline cannot possibly be exercised by the union. On the other hand the company has always let it be known that it expects the union to exercise this discipline and to insist

upon rigid adherence to the contract by each member.

"In all these circumstances a company, being the dominant element in each community and faced with men who realize that their only hope of improving their low standards and gaining some semblance of security is by breaking down the opposition of the sole dispenser of income - a company in these conditions has two courses open to it. It can, in basic sympathy with its employees, join with them in obtaining state intervention to enable the industry to provide adequate wages and employment (or the establishment of other sources of employment) or it can take the attitude that it has done viz., that its special position in the community does not impose upon it any unusual social responsibilities; that in no wise is its position different from any other management representing shareholders; that no one is 'forced' to seek employment with it and that those who do so, must be content to have the course of their lives determined by the quantity of coal (and its price) that the company can (or will) sell."

BY THE CHAIRMAN: I saw some figures some time ago--I don't know how true they are--that in 1937 to 1939, there were more young men from the island of Cape Breton attending universities through Canada and the United States than there were from any other part of Canada of a similar population.

MR. WADE: Well, that is a great credit to the young men of Cape Breton.

BY MR. FORSYTH: And possibly to the Company.

BY THE CHAIRMAN: I am not giving any credit to the Company.

BY MR. FORSYTH: Neither is Mr. Wade. I want to see that he does.

BY THE CHAIRMAN: It is a rather peculiar thing. They may be all from farming districts; I don't know.

BY COMMISSIONER McLAURIN: It just reflects the Scottish zeal for education and religion.

BY MR. WADE: When you have very bad social conditions I think the result often is that the particularly able and particularly energetic minority will, because of the very badness of

the conditions, make particularly energetic efforts to get out, and therefore I think that is what happened.

BY THE CHAIRMAN: It is all right for them to get out, but how are they paying?

BY MR. FORSYTH: The idea is that the colleges and universities draw most of their students from places where the conditions are bad. That is what Mr. Wade is saying.

MR. WADE: I said nothing of the kind.

BY MR. FORSYTH: That's what you did say.

BY THE CHAIRMAN: You mustn't put any words in Mr. Wade's mouth.

BY COMMISSIONER MORRISON: I think that is a leading question.

BY COMMISSIONER McLAURIN: I think we are a long way from coal.

MR. WADE continues brief:

"When men, living on subsistence levels in an all pervading atmosphere of insecurity, unable to plan for marriage or family and other basic needs, find no escape from the one source of employment and unemployment and the one employer who shows no signs of understanding and sympathy with their conditions, the results must be such as they are here.

"Attitudes develop, both among company officials and men that are by no means 'natural' but rather are determined by this basic conflict. Mole hills become mountains. Small troubles are seized upon as a means of giving, probably quite unconscious, expression to the primary source of bitterness. Grievances tend to be settled not on the merits of each individual case but rather in the light of the principle that a grievance lost or won is a victory for the company or the men (as the case may be) and one that may lead to future victories by either of the two parties.

"Any sense of mutual confidence and mutual loyalty becomes difficult of achievement.

"As we have said, relations between the only private

employer of labor in a one-industry, one-company area are likely to be difficult at any time and very difficult when that industry suffers from inflexible costs and is in a highly competitive field so far as price is concerned.

"Good relations under these circumstances will depend very largely on management's skill in the area of industrial relations. As has been said, and very correctly in our opinion (this is a quotation from the book entitled "Demands of Industrial Democracy" by Golden and Rottenburg, who are both organizers of the United States steelworkers):

"The attitudes and action of management largely determines the degree of co-operativeness of union leadership at all levels."

That is an axiom, as it were, of trade unionism that is very widely accepted in the United States. (Continues brief):

"It seems that this proposition, applicable in a general way to all industry, is peculiarly true of the Nova Scotia coal industry with its one-company communities. In a large industrial centre no one concern stands out as a determining and ungovernable (the emphasis is on 'ungovernable') force in people's lives. When this is the case, as with Dosco, it is obvious to us that by assuming its exceptional powers and occupying its strategic position it must likewise assume exceptional and grave responsibilities - both to its employees and the community generally. In particular must it develop a skilful, sympathetic labor relations policy."

I would like to pause for a moment and to point out, so that we don't lose track of the argument here, that we are dealing with this question of management-labor relations from the point of view of labor productivity, and we are trying to explain the manner in which the skill and well being of the labor force and its relations with management to a large extent will be the determinant of its productivity, and the question of labor's productivity here is of course directly related to the question of whether or not costs can be reduced in the future and output raised. (Continues brief):

"For a time recently, it appeared as if such a policy would be developed under the guidance of an industrial relations officer who appeared to be thoroughly familiar with modern practice in this field. But a short time ago he resigned thus following in the footsteps of a similar officer appointed some years ago.

"That the company realizes or did realize, the inadequacy of its labor policy (or lack of policy) is indicated by the revelation at the previous sittings of this Commission in Sydney that a firm of American experts had been asked to investigate and make a report on industrial relations. However, the union has seen no indications that management intends to invite the co-operation of the union in solving the industry's problems over which so far, they assume sole control.

"There are no indications that it would agree with Professor Logan's statement that 'industrial relations should not be thought of narrowly as a matter of arranging wages, hours and material working conditions. Their quality derives from education broadly considered, from the background of community living, from sobriety, from housing, from the mental attitude of the community generally to the employer'."

That is a quotation from "Labor Relations", a report on rehabilitation and reconstruction. (Continues brief):

"Highly indicative of the company's unfortunate attitudes is the document submitted to the Commission by Dosco and entitled 'Privileges and Welfare Plans Enjoyed by the Employees of the Dominion Coal Company'.

"Here is drawn a picture of a company granting 'privileges' to its employees, which include the right to bargain collectively and even the right to work for the company.

"How out of touch with the opinion and attitudes of its employees the company is, is suggested by its inclusion in this document as 'welfare' schemes the rental of company owned houses and the company's old age pension scheme - both of which are focal points of trouble and bitterness.

"Arising out of the attitude revealed in the above mentioned document (which in our opinion is best described as a curious paternalism derived from a profound under-estimation of the intelligence and potentialities of the worker as a partner in industry) the company has always failed to take its employees into its confidence in dealing with major problems, as for example, the closing of mines.

"Mines at Morien, Donkin, Reserve Mines and in Pictou have been closed with no, or at least perfunctory discussion with those vitally concerned. In all such cases where the welfare of whole populations and their communities are concerned, the fullest possible information and explanations should be given and the closest collaboration should be developed in meeting the tremendous problems that follow the removal of the community accustomed means of living. This is one of those social responsibilities that the peculiar position of the company imposes on it.

"For some time now the several hundred families dependent on No. 11 colliery have been living in an atmosphere of intolerable insecurity, believing that this colliery will be closed down in four years. But at no time has the company taken the men into its confidence and given them all the facts and figures that would prove to them the need, if any, for closing this colliery.

"It is a curious and interesting fact that the company gives the impression that it expects its employees to assist in reducing costs yet at no time has it recognized the rather obvious fact that the blind, sheeplike co-operation of men can rarely be obtained. It should be clear that any addition to the usual responsibilities of an employee or his union must be matched by a corresponding addition to his rights.

"To be consistent, when management insists upon exercising its managerial powers and strictly excludes its employees from this field, it should at the same time absolve the worker from any responsibility for the success of the enterprise. In

such circumstances, which are the ones usually found in industry, the worker behaves precisely as does anyone else having a commodity for sale - he sells at the dearest price obtainable.

"Yet while the company refuses its employees a union shop, denies it that information without which no certain and accurate knowledge of the industry's position can be secured, or the causes thereof; yet collective responsibility for the success of the industry is asserted as when the company maintains that:

'The responsibility for increase in available work (by reducing costs) is one in which all share. Employees can make their product the most desired coal obtainable. This simply means that their coal must be marketed...at a cost attractive to the purchaser.'

'Having installed machines of the most modern type available and having developed methods of mining whereby they can best be made use of, he (the operator) looks to greater productive effort on the part of labor as the best means at present in sight which may assure the continuance of his industry'. (Exhibit No. 15, page 22)

BY MR. FRAWLEY: Which one is that? Is that the "Privileges"?

MR. WADE: No, the one dealing with the geology of the Sydney field. (Continues brief):

"As far as the union is concerned we are convinced that whatever may be the case in general, that in the special circumstances surrounding the industry in Nova Scotia the customary employer-employee relationships cannot but lead to disaster. Whatever may be the case in other industries or in the same industry in other areas, here our very difficult economic and social problems can be solved only ^{by} the closest co-operation of those who manage the mines and our membership. But this means that conventional notions of the respective rights and responsibilities of capital and labor must be drastically overhauled. A management must be established that will genuinely and fully recognize that the union must be kept fully informed on all problems - mining and economic and that it must be given rights not now allowed it.

"On its part the union would then be in a position to accept production responsibilities that it cannot possibly shoulder now and that it has not been customary for workers or their unions to assume. Only in this way can the relationship between mine management and miners cease to be solely the traditional one of buying in the cheapest and selling in the dearest market. And only in this way can post war costs be reduced.

"Professor Logan has suggested the need for education designed to improve the miner's 'point of view toward the real meaning of social production'. This indeed would be a fine thing - if production were 'social'. We believe, that at any rate in the Nova Scotia coal industry, it should be, but can in no sense be considered such today.

"The necessity of such co-operation or social production to use Professor Logan's phrase, becomes apparent when one considers the following producers man day production.

PRODUCTION PER MAN DAY
PRODUCERS

GLACE BAY COLLIERIES

<u>COLLIERY</u>	1939 (tons)	1944 (tons)	% decrease
16	5.78	3.80	34.2
12	6.81	4.56	28.8
13	8.11	6.23	23.1
11	4.37	3.39	22.4
4	9.90	8.22	17.0
2	8.49	7.07	16.7
20	8.89	7.42	16.5
18	7.32	6.48	11.4
24	5.22	4.61	11.7

PICTOU COLLIERIES

Allan	5.6	5.38	.4
Albion	6.0	5.69	5.0
Acadia No. 7	7.04	6.81	.3

CUMBERLAND COLLIERIES

No. 1	4.07	4.51	-
No. 2	5.06	5.29	-
No. 4	3.90	5.33	-

OLD SYDNEY COLLIERIES

Princess	10.16	12.45	-
Florence	6.24	7.75	-

"These figures (compiled from the company's answers to Commission question No. 6) reveal the very interesting fact that the producers per man day production has declined appreciably in recent years only in the Cape Breton collieries of the Dominion Coal. In the Cape Breton collieries of Old Sydney Collieries production per man day for producers actually increased. The answer of Old Sydney Collieries states: 'This increase was in the main brought about by the mining classifications in Princess Colliery voluntarily producing more coal'."

Whether or not that is a correct statement I don't know.

BY MR. FRAWLEY: The five day week wouldn't have anything to do with it, I don't suppose?

MR. WADE continues brief:

"As there is no reason to think that the habitual responses of the majority of miners on one side of the harbor are different to those on the other side one must look elsewhere than among the miners for the basic cause of the variation in the production of these two companies. Some explanation is also required of the variation between collieries. Unfortunately the Dominion Coal does not offer, or has not as yet offered its views on the reasons for the decreases shown above.

"The effects of absenteeism and all the factors tending to decreased output are disclosed in the table following:

OVER-ALL PRODUCTION
PER M.N-DAY
AND PIT-DAY PRODUCTION

	Per Man-Day Production		%	Pit-Day Production		%
	1939	1944		1939 (tons)	1944 (tons)	
Dominion Coal Co. (Cape Breton)	2.41	1.52	37.0	16,800	12,600	25
Old Sydney Collier- ies (Cape Breton)	1.56	1.80	-	3,300	2,900	12
Cumberland Rly, (Springhill)	1.77	1.36	23.1	2,500	2,400	4
Acadia Coal (Stellarton)	1.49	1.03	20.0	1,800	1,300	28

"We suggest to the Commission that the variation in the above results very certainly requires a much more detailed explanation than the one publicly broadcast by the Company, viz.

that the men are not working or that 'absenteeism increases according to earnings'. The above figures make it clear to us that other factors are also involved.

"The declining production of producers in the Dominion Coal collieries in Cape Breton and the question of absenteeism which is relevant to all the coal areas, are of course, according to conventional ideas and practices, matters for management. As our contract reads 'the management of the mine and the direction of the working force is vested exclusively in the operator and the U.M.W. of A. shall not abridge this right in accordance with the terms of this agreement'. But the union has no desire to adhere to old practices especially if they do not produce results in special circumstances, and indeed insists that conventional employer-employee relations make the problems of the industry insoluble.

"It is only since the war (so the information at our command would indicate) that overall production per man day has been brought into the forefront as a major problem, on the solution of which hangs the future of the industry. We recognize this as one of the problems, and in the solution of which we wish to play our part if this is made possible for us.

"It is unfortunate and a warning for the future, that management has given the Commission no indication that it has any policy in mind for improved man day production except the time honoured one of using a plentiful labor supply as its chief weapon in enforcing discipline and obtaining the greatest quantity of work from its employees in return for the smallest wage. Thus in answer to Commission question 14 (regarding future costs) the company remarks regarding labor costs:

'We have every reason to hope that, with the complete cessation of hostilities and demobilization of the armed forces with concurrent release of workers from arms and munitions plants, there will become available to us labour of a more capable and efficient type than many whom we now employ and in numbers adequate to our needs.'

"In our opinion no permanent solution lies in this direction. This type of approach (which of course is widespread

throughout industry) inevitably leads to peculiarly bitter opposition in a one-industry, one-company area.

"Only by placing the union in a position in which it can continue to serve the interests of its members and at the same time assume production responsibilities, can there be any permanent solution to the problem of labor relations and sustained production free from interruption through strikes, high absenteeism, etc.

"However, this in itself will be inadequate. Certainly the efforts of the entire labor movement in Canada and also of other troupes will be more and more directed to gaining full employment - and by this we mean a situation where there are more jobs than there are workers. Most certainly our union and other unions in Nova Scotia will strive for this.

"If this situation were to be achieved for any number of years, it is clear that the company's labor "policy" as outlined above would be ever more impossible of application than it would be (so we believe) under conditions of a plentiful supply of labor.

"This brings us to a matter that to some degree may be regarded separately from employer-employee relations. We refer to the question of work incentives.

"Professor Logan says: 'There is probably considerable truth in the observation that the miner's consumption standards are stereotyped and deficient and that extra dollars means less to him than to people with more informed and expansive desires. Consequently he chooses to take his gains in short hours rather than increased earnings based on his output.'

"This, in a very incomplete way, touches upon a basic problem. There can be no question whatsoever that personal living and social standards are deplorable in the coal towns. But this is not due to any peculiarities of the miner (as might be assumed from the above quotation) but rather to the below subsistence wages and the chronic unemployment and insecurity already described in the brief.

"These sub-standard wages and unemployment have naturally had two results that are obvious to any visitor to the coal towns today. In the first place retail outlets do not carry either the variety or quality of goods found in other places. This obviously tends to establish 'stereotyped and deficient' standards. This lack of variety and quality of almost every form of durable and non-durable consumers goods can be established by observation and enquiry from retailers.

"In the second place what may be called social or community standards have suffered horribly.

"It is an understatement to say that housing is an abomination. The level of housing and other community and living standards are indicated by the 1941 census figures that follow:

	POP.	AVERAGE		
		Rooms per dwelling	Pers. per dwelling	Value owner occupied dwelling
TRURO (non-coal town)	10,272	6.3	4.6	\$3,676
NEW WATERFORD (coal town)	9,302	5.0	5.6	\$1,847

	PERCENTAGE OF DWELLING WITH					
	Fur. Heat %	Flush Toilet %	Refr. %	Auto %	Tel. %	Elt. Vac. %
TRURO (non-coal town)	83.3	89.3	79.2	42.2	67.5	44.3
NEW WATERFORD (coal town)	17.2	50.0	29.2	15.8	18.2	13.0

I would like to emphasize, Mr. Chairman, that a comparison here has been made between Truro, Nova Scotia, and New Waterford, Nova Scotia, one a non-coal town and the other a coal town, both of approximately the same population. Now I think those figures are very suggestive because it is not a comparison made with Central Canada, it is a comparison made with another town right in Nova Scotia, and incidentally New Waterford is selected, not because it is worse than any other town

but because I wanted to get a town of comparable population. You can't compare Glace Bay with any other town in Nova Scotia.

BY THE CHAIRMAN: In your second calculations there would it not be fairer to make the calculation on the basis of those working in industry in Truro and those working in industry in New Waterford?

MR. WADE: Well, you see these are just census figures.

BY COMMISSIONER McLAURIN: Or compare like industries in the United States, little coal towns and New Waterford. If you really want to make a bad case you want to compare Truro with Saint John, N.B.--but don't go to Saint John after you have done it.

MR. WADE continues brief:

"It is instructive to note that no parks or playgrounds exist in any coal town. Public health nurses are entirely inadequate in number or do not exist at all - as in Glace Bay. There is not one public library and entirely inadequate cultural and recreational facilities.

"These facts, which fail entirely to present a true qualitative picture of conditions are of immeasurable importance not only in relation to human welfare but also in relation to productivity and to the future of the coal industry.

"Professor Logan is quite incorrect (except in a superficial sense) in saying that the miner 'chooses to take his gains in short hours rather than increased earnings based on his output'. It would be far more correct to say that he is often compelled to do so, either by the sheer lack of anything on which to spend his earnings or by habits and attitudes drilled into him by subsistence wages and unemployment.

"The effects of interminable years of poverty and insecurity cannot be overcome in a day and they cannot be overcome by the cumulative results of individual effort. They require organized community effort which in turn can be successful only if based on the provision of capital (and some direct contributions) by Federal and Provincial government:

"The ability of anyone, be he worker, business executive, judge or lawyer, to work skilfully and uninterruptedly is, to a degree hitherto insufficiently recognized as being true for workers, determined by his home and community conditions and by the ability to plan his and his family's life with some assurance of future income."

That question of insecurity, Mr. Chairman, has been brought to my attention recently in a very practical way. Many of the miners here want to use the National Housing Act; they want new homes. Well now, they go and look at the National Housing Act and they find that monthly repayments will be say \$18, \$20 a month. So many of them have said to me, "Certainly I can well afford \$20 a month, but I dare not commit myself to \$20 a month when I don't know whether six months from now I am going to have a job." So I think that is a perfect example of how social conditions generally are kept at a low level by this sense of insecurity. There are periods in case of full employment when the men could afford certain things, but they will not buy them for fear that they will be burdened with a debt which three months hence they cannot pay because they haven't got an income. (Continues brief):

"If a man, no matter what his work, lives in the unlovely surroundings of a Nova Scotia coal town, in overcrowded, obsolete, sub-standard houses, without educational, cultural and recreational facilities and without any knowledge of what his income will be six months hence - under these circumstances it should not be difficult to understand that these conditions will naturally be reflected psychologically and physically in those living among them.

"It is idle and indeed very harmful to talk about a 'greater productive effort' when men are denied the basic conditions necessary to such effort.

"Obviously, what has been said above applies as much to certain levels of management (in so far as its personnel does

not escape these sub-standard conditions) as it does to the miner.

"It is of course impossible to measure it, but we have no doubt at all that the quality of management from overmen and underground managers up is reflected, not only through labor relations, but through all the operational aspects of the industry, in high costs. And this quality can be closely correlated with the conditions described above.

"In concluding this section we wish to emphasize before this Commission that we are unalterably opposed to all forms of speed up. But we recognize and insist upon the overwhelming importance of this point, that what is a "normal" day's work in quality and quantity (which any miner will wish to perform), must be determined to a large extent by the psychological and physical condition of the worker. This in turn is largely governed among other things by (1) rate of wage, (2) security of income, (3) community conditions in the broadest sense of the term, (4) relations with management, (5) quality of management.

"We insist that any discussion of labor productivity is unrealistic (if not deliberately misleading) without primary emphasis being given these things.

P A R T 15

MAIN ELEMENTS OF A PROGRAMME

"Before drawing together the threads of a programme which has either implicitly or explicitly, already been set out, it seems as well to restate in the briefest terms the basic propositions from which such a programme is derived.

"These are:

- (1) Coal is a relatively scarce diminishing resource of the greatest importance to the industrial, social and defensive phases of national life. Coal is to be sharply distinguished from a replaceable resource and from one that is not basic to the economy. And it is a resource for which new and even more valuable uses will be found. For this reason its production, distribution, utilization and conservation are matters of public concern.
- (2) Canadian production must be consistently maintained. The alternative is the abandonment of mines and dispersal of skilled labor and a failure to gain the required end of having

available at all times a domestic supply of coal.

- (3) Canadian production must be maintained in a manner that complements government policies for full employment and social security.
- (4) The cash cost of maintaining Canadian production (if any) will be less than the social cost of any alternative course, provided public assistance takes a form and is provided through a channel, that does not subsidize inefficiency and waste.
- (5) Public assistance of the right kind, does not contradict but complements the trend to arranged international trade and is not therefore a form of "nationalism".
- (6) Public assistance of the right kind, does not contradict but complements the national need for decentralization of industry.

"Having these basic propositions in mind we will now outline our programme for the reconstruction of the industry and will finish by suggesting to the Commission the machinery needed for the implementation of these measures.

"All the elements of a Maritime coal reconstruction programme must rest on the fundamental proposition that every proposal whether for public assistance or toherwise, must be designed to make the industry self-sufficient. As in the case of the Maritimes as a whole and certain Western provinces, an entirely new concept of public policy must be developed. A public policy not merely of income transfers from Central Canada (though this may, at least for a time, be involved) but of the provision of personnel, research, capital and organization that will vigorously encourage efficiency and self-sufficiency and not inefficiency and dependency. Such a policy applied to the coal industry would provide for:

- (1) The provision of funds and personnel for research in the most energetic manner possible and experimentation on (a) new uses for coal with special emphasis on gasoline production, (b) new marketing and preparation methods with special emphasis on the domestic market and the preparation of what are now called low grade coals (c) the development (if this has not already been completed) of equipment that will burn the various grades of Canadian bituminous coal without coking, clinkering or smoking.

- (2) The immediate and most aggressive experimentation in the Maritime mines themselves with mechanical loading and other mechanical devices leading to increased productivity.
- (3) The immediate introduction of mechanical loading (where that is now possible) but integrated with an overall programme for full employment in the Maritimes.
- (4) The provision of capital (some of which will be self-liquidating) as the basis of a vigorous programme for the reconstruction of our coal towns and the elevation of public facilities and services and of houses, up to modern standards.
- (5) The speediest possible training of mining engineers for positions as mine managers, superintendents, etc.
- (6) The establishment of a guaranteed annual number of work days for all wage earners attached to the industry.
- (7) The establishment of a five day week without loss in take-home pay.
- (8) The sale of cokeless, clinkerless, and smokeless equipment, to domestic consumers by the industry itself, on the same general principles followed by certain oil companies.
- (9) Special financial arrangements where possible with industrial users for the purchase of equipment suitable for our coal.
- (10) The continuation of the coal tariff and whatever subventions may be found necessary, if any, not as 'assistance' to the coal industry but as part of a national fuel policy of decentralization of industry and a programme to make Canada's outlying regions as self-sufficient as is desirable and necessary for the implementation of overall national policies for the full employment of our resources and social security.
- (11) The fullest investigation into the exact extent and quality of our coal resources and the formulation of a definite public policy for the development and utilization of different quality coal seams. Such a policy would of course be determined in part by (1) above, and in part by community problems as these affect social costs.
- (12) The establishment by the industry of the closest relations with the union and the participation by the union in the solution of all problems at every level.
- (13) The establishment of an industry-government-men contributory pension scheme throughout the Canadian industry at age 65 and free from the means test for government pensions. (This is necessary not only for the welfare of the individuals concerned but would also be an important

means of increasing productivity and play a part in the development of plans for full employment. It should in fact be extended to all hazardous and heavy-work industries).

"Before giving the Commission our views on the machinery by, or the agency through which, such a programme can be made effective it is necessary first to indicate in a broad way what we believe such a programme, properly implemented, would accomplish.

- (1) It would ensure a maximum supply of Canadian coal at all times and to the extent of our production would safeguard our great coal consumption industries and our homes.
- (2) This objective would be achieved at the lowest possible cost to the nation as measured by computing cash costs of production and social costs.
- (3) The consequent solution to the specific problem of the coal industry would be achieved within the framework of announced government policies for the full employment of our natural and human resources.
- (4) The interests of the consumer of coal would be guarded by the provision of a secured supply of coal at the lowest possible price, of the highest and uniform quality obtainable with the most modern techniques of coal marketing and preparation and he would be assisted in the purchase of the most modern, efficient combustion equipment.
- (5) The producer would be assured of proper social standards, adequate wages, security and real participation in social production in a great and vital industry.
- (6) The taxpayer or public generally, would directly or indirectly benefit from all the above listed achievements and in addition would have the assurance that his contributions (if any) were being spent on constructive purposes vital to national welfare and defense and to the protection of the interests of future generations of Canadians. He would be assured that a vital, very scarce and diminishing resource together with our mines in which public funds have already been invested were being preserved and maintained for immediate application of new discoveries requiring coal.
- (7) Finally not only would the interests of consumer producer and taxpayer throughout Canada be served, but such a programme would itself constitute a most important and constructive part of Maritime reconstruction and development.

"We might add that this programme envisages the type of 'public assistance' if it may be so called, that is constructive and aimed at the eventual self-sufficiency of the industry.

This is to be sharply distinguished from 'public assistance' that merely perpetuates and indeed aggravates all the problems by virtue of which the assistance is called for. The one established efficiency; the other encourages inefficiency.

"The alternative to an entirely new, and constructive public policy is the continuation of the past and present 'hand-out' methods; methods which encourage waste and inefficiency, are demoralizing to all engaged in the industry, and can and will, if continued, lead to its complete collapse.

P A R T 16

SOCIAL CONTROL

"The remaining question is this: through what agency can such a programme vigorously and effectively be implemented.

"There appear to be three methods open to examination. Firstly the existing operators or corporations could be asked by government to implement such a programme as we have suggested. Even if we assume for the moment, for the purposes of exposition, that it is desirable for a scarce and diminishing resource of vital importance to the nation to be exploited by private interests, it requires little investigation to conclude that it is entirely beyond and financial and other resources of the existing owners to properly execute such a plan as we have sketched.

"Large sums of capital (and we emphasize capital, not grants-in-aid) are required for: research, experimentation with mechanical loading, sale and installation of combustion equipment, purchase of cleaning and oil treating plants, purchase of mechanical loaders and other machinery, plant etc. needed to modernize the mines. This capital, all the evidence would indicate, is not available to the main operator or if it were, the evidence suggests it would not be prepared to invest it.

"Furthermore, an integral part of the programme is the formulation of a public policy concerning the order in which seams of varying qualities are to be worked and concerning the utilization of reserves in general. Clearly, if such a policy were prepared by government (and we believe it to be vital that

this be done) it would be impossible to demand of a private concern that it implement the policy.

"And there is a further consideration basic to the programme outlined. This is close co-operation of management and union. It is apparent that the chief operator is quite unable and/or unwilling to initiate such a policy. We have already indicated the evidence for this conclusion.

"There is then a second method. Let government provide the required capital to this private owners, interest on and repayment of this, to take place as, if and when possible. This of course meets the overwhelming objection that the investment of large sums of public funds must be controlled by representatives of the public. The idea also fails to offer a solution to that vital problem of co-operation at all levels between management and union. And this suggestion furthermore would fail to guard against inefficiency and waste.

"We are then left with the third method, viz. the provision of the capital required, through a government agency coupled with the control of the industry and the expenditure of those funds by the same agency.

"There are many good reasons why we submit to the Commission that public investment protected by public control is essential to the implementation of any sound and workable programme that will achieve those basic objectives required by both the national and Maritime interest.

"But before proceeding to deal with these we would mention our sense of certainty that the Commission will appreciate that the issue of public versus private ownership is not the basic issue involved. The basic issue is simply through what agency can a programme such as we have outlined in broad terms and which in outline, is, we would submit, the only kind that will answer the national need - through what agency can such measures best be effected.

"It would of course be superfluous for us to deal with the fact that the question of social control over this or that

particular industry is not longer held to be a matter of principle or of social philosophy, but merely one to be decided on the merits of each case as it arises.

"It is now accepted by all schools of thought that any commodity, service or industry classifiable as a public utility should by the very fact of it being a commodity or service indispensable to public life, be placed under public control.

"In England the fact that coal is just such a commodity the production, distribution, conservation and utilization of which is of vital national moment, is now fully recognized and the appropriate steps are to be taken. In no less degree is it true that the securing of a supply of Canadian coal, its proper and efficient distribution, the conservation of our limited resources and an orderly far sighted efficient utilization of different quality coals in different uses - all these things are of great importance to the future development of Canada and to future generations of Canadians.

"All this has really been recognized with greater or less clarity and greater or less completeness by nearly every submission made to the Commission. A great cry as it were has arisen in the land for a 'National Fuel Policy' ie., for social control. But we venture to suggest to the Commission that in many cases this policy appears on examination, not to concern itself so much with the operation of the coal industry in such a manner as to secure a supply of Canadian coal at the lowest social cost or with the most efficient (from a national point of view which necessarily concerns itself with the future) utilization of our diminishing resources - but rather with forcing coal on consumers (zoning) or sustaining concerns that lack the resources, the willingness or ability to risk capital, the willingness or ability to draw labor into active co-operation, the vigor and imagination without which no 'National Fuel Policy' will really serve the interests of the nation.

"In other words many of those who advocate social control or a 'National Fuel Policy' do so, it appears to us, not on the

grounds of national interest but rather for the purpose of gaining the use of state powers and state finances for the protection of their investments. They wish to retain their cake while eating it - they wish to unload onerous responsibilities on the shoulders of government and to consume the taxpayers' money, while retaining the full measure of their rights and great privileges.

"There are others however who understand the danger and destructiveness of half measures and of a failure to put aside all interests except those of the nation. Thus the Halifax Chronicle editorially took the position we are presenting to the Commission as follows:

'The crucial fact underlying all discussions about coal in Canada is that this country produces only about half of the coal she needs. At the same time she has permitted her own coal mining industry at least in this province to languish ... in any period of emergency this might easily prove a disastrous policy for Canada. The solution of the Nova Scotia coal mining industry is not to sit impotent, wailing about the high costs of production. Neither is it to look to the Provincial Government to achieve the impossible.

'There is only one sensible scheme before Canada in this important sphere of her economy. Coal should be declared a national matter and the industry should be made a national industry in which the Federal Government interests herself to the limit. It is only by taking the bull by the horns and treating the industry on such a national basis that we can resolve this crisis."

(Halifax Chronicle, Editorial,
April 4/45)

"However, apart from reasons applicable in general for social control of coal (though in leaving these aside for the moment in no sense diminishes their importance), there are particular reasons why public control is essential to the Maritime industry.

"Through no other agency, we submit to the Commission, can there be provided the large sums of capital without which no programme of self-sufficiency for the industry can possibly succeed. Capital for research, for new marketing methods including the distribution of modern combustion equipment, for vigorous experimentation with mechanical loading, for washing and oil treating plants and other machinery needed for a com-

plete modernization of the industry - all this can be provided only by government.

"Through no other agency can the public be guaranteed that their funds (for which all concerned with the industry are asking) will be spent in accordance with national objectives, with due regard for consumer and producer and future generations and with a proper balancing of private and social costs.

"Through no other agency can there be any guarantee that public funds will not subsidize lassitude, demoralizing and very costly labor-management relations, inadequacy of capital and inability or unwillingness to assume risk.

"Through no other agency can there be obtained a guarantee that the pressure for immediate gain (to which any private enterprise is naturally subjected) shall not deprive the future of its rightful legacy or that there shall not be subsidized the very ills that bring about the need for subsidy.

"And finally, and this point we believe is of great significance, through no other agency can the economic and social adjustments that may accompany the thoroughgoing reconstruction of the industry, be integrated with and based on government policies for social security and full employment. It needs no detailed explanation from us for it to be fully, and we are sure so far as the Commission is concerned, sympathetically, appreciated, that the gravest difficulties will arise, if assuming a smaller labor force is required for maximum output per man day, this adjustment is not made in such a manner that no one suffers and that all are provided with useful labor in other fields. It is not in accordance with modern attitudes and values and certainly not in accordance with the spirit and intent of government policy, that the cost of measures vital to the national interest should fall on the shoulders of any minority group.

"So far as the Maritimes is concerned we earnestly submit to the Commission, that a policy of social control of coal and its use and distribution (the so-called National Fuel Policy) involves the immediate implementation of a programme basically

similar to the one we have outlined. We further submit, and still confine ourselves to the Maritime industry with all its peculiarities and special circumstances, that such a programme will not and cannot be achieved without the extension of social control to administration of the industry here by the same public agency that must provide the capital for that reconstruction, without which national development and the interests of the consumer, producer and taxpayer will be ill served."

TABLE I

NATIONAL INCOME AND CONSUMPTION OF CANADIAN
AND IMPORTED COAL - 1926 - 1939

YEAR	MONEY NAT. INCOME (millions)	TOTAL CONSUMPTION	PER CAPITA	CANADIAN COAL	P.C.
1926	4,494	31,651,851	3.349	15,086,296	47.7
1927	4,682	34,122,286	3.541	15,944,983	46.7
1928	5,138	33,003,389	3.356	16,487,807	50.0
1929	5,149	34,111,593	3.401	16,387,461	48.0
1930	4,326	32,464,710	3.180	14,052,671	43.3
1931	3,498	24,511,106	2.362	11,682,779	47.7
1932	2,893	22,867,193	2.177	11,212,701	49.0
1933	2,795	22,265,235	2.085	11,456,273	51.5
1934	3,171	25,887,574	2.392	13,236,406	51.1
1935	3,381	25,042,138	2.290	13,306,303	53.1
1936	3,829	27,228,167	2.469	14,508,652	53.3
1937	4,342	29,441,314	2.648	15,172,729	51.5
1938	4,246	25,812,728	2.303	13,800,094	53.5
1939	4,862	29,467,894	2.604	14,902,915	50.6

(1) Data on National Income from D.B.S. Monthly review of business statistics, April 1942.

Data on Coal Consumption from D.B.S. Coal Statistics for Canada, 1942.

EXAMINED By Mr. Frawley.

- Q Just one thing occurs to me now. Where do you get that definition of National Fuel Policy as being synonymous with social control of the coal industry?
- A Well, I take it that the National Fuel Policy has a different meaning for different people who advocate it.
- Q Maybe in different parts of the country?
- A Yes, but basically they all want the government to help them get rid of their coal.
- Q Yes, but that could be done by bigger and better subventions?
- A Well, that is a form of social control.
- Q There is not necessarily any greater degree of control than is now exercised, in the minds of those people that are talking about a National Fuel Policy?
- A Well, no, not in their minds.
- Q That is what I mean. There can't be any precise definition of those three words?
- A No, it means a lot of different things.
- Q And all these remarks are limited to the Maritime Provinces, of course? About the need for extending social control, public provision of funds and public control?
- A Yes.
- Q You are only speaking for this industry?
- A Yes, because of special circumstances.
- Q Do you think there could be such a thing as the degree of control you contemplate here in the Maritime Provinces and not in the other coal fields? Have you considered that?
- A I have not given a great deal of thought to it, but I don't see why not. You see, the situation is so entirely different out West.
- Q You think that the ills of this industry call for the remedy you suggest, and that it might not necessarily require that in the West?
- A I don't like to put it that way. The point is that such a

programme as we have outlined there is essential to this industry in the Maritimes. Now the question is, how can such a programme be implemented, by whom or what agency?

BY COMMISSIONER McLAURIN: It amounts to nationalization, public control.

BY MR. FRAWLEY: All I am putting to you is that you are limiting yourself, and properly so, to the Maritime industry that you know something about. You aren't concerned with the dangers that might be inherent in adopting your scheme for the Maritimes and continuing to operate in Western Canada strictly on the free enterprise basis it now operates on?

A I can't see anything very dangerous from a national or social point of view.

BY THE CHAIRMAN: In the last six years haven't we had national control, government control practically of all our mining operations?

A Of a kind, yes.

Q Of a real kind?

A Well, the government have had powers that are complete but they have not necessarily always exercised them.

Q It didn't do the industry very much good, did it?

A No, but the government didn't exercise them.

BY MR. FRAWLEY: You call the Commission's attention to the 549,000,000 tons of undeveloped reserves of coal. You say this is a matter for survey, public investigation and the closest control. You just leave it there? You don't suggest anything as to what might be done?

A Oh no, Mr. Frawley, because that is a question of investigation. Naturally it is up to scientists and chemical engineers and so on to decide exactly what should be done.

Q Do you think the government should be developing those coal seams?

A Well, our position is this: that so-called poorer quality, that is poorer quality in relation to present combustion equipment, is being left in the ground for future generations. Our position is that the nation should make the ----

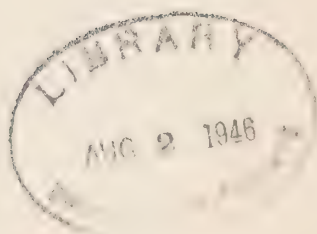
BY THE CHAIRMAN: Mr. Frawley, while you don't belong to any union the members of this Commission do and time has arrived to adjourn.

ROYAL COMMISSION ON COAL

Sydney, N. S., Sept. 13, 1945.

VOLUME XL

Witness: C. B. Wade..... 3556 - 3653



Sydney, N. S.
September 13, 1945.

The Royal Commission on Coal convened at the Court House, Sydney, Nova Scotia, on Thursday, September 13th, 1945, at 10:00 o'clock A.M.

PRESENT:

Honorable Mr. Justice W. F. Carroll, Chairman

Hon. Mr. Justice C. C. McLaurin, Commissioner.

Angus J. Morrison, Esq., Commissioner.

J. J. Frawley, K.C., Commission Counsel.

Robert D. Howland, Secretary.

L. A. Forsythe, K.C., representing the Dominion Steel and Coal Corporation, Limited.

J. L. Cohen, K.C., representing United Mine Workers of America, District 26.

MR. C. B. WADE SWORN - Examined by Mr. Frawley.

Q. Mr. Wade there are chiefly two things that I would like to discuss with you this morning. One is, I wish you to tell me precisely the nature of the financial assistance, of this new form of financial assistance which you are advocating, which you say should supersede the traditional form of assistance which has been granted in the past. What have you in mind as to the nature of this assistance?

A. Very briefly it is the provision of capital in order that the productivity of the industry should be increased in contravention to the provision of subsidies and subventions which will not necessarily at any rate have any effect whatever on productivity.

Q. I am just concerned with the business of where the money is going. First, the freight subvention is to be removed?

A. No, that would depend on the success with which the provisional capital did raise the productivity.

Q. Let me see if I quite understand. Capital is to be put in by the Federal Government first of all?

A. Presumably.

Q. Why presumably? The capital is to be provided by the Federal

Government, is that what I understand?

A. Yes, unless the Commission, or the Federal Government itself were to decide there was some more suitable agency; but who that would be, whether it should be the Federal Government..

Q. Before we come to the agency. I was endeavoring to get you to discuss them separately. First I want to know the manner in which the money is to flow from the agency, which I presume to be the Federal Government.

A. Let us presume that.

Q. I cannot take anything out of the brief except that it is the Federal Government.

A. Let me answer that point first. Our position would be that in view of the fact that what happens to the coal industry is a matter of national concern and not purely regional, in view of this fact;^{that}/matters of subventions and tariffs, and in all probability the provision of the necessary capital, would have to be or are matters of Federal concern, then one would conclude that the agency for operating the industry would have to be a Federal agency.

Q. I think you will have to place your position before the Commission as flatly as you can, and then it is for the Commission to accept it or reject it. Do you say the agency you have in mind to provide the capital is the Federal Government?

A. Yes.

Q. How would this capital be put in, first? I will come to the nature of the intervention of the control, the extent of it, in a moment, but for the moment I want to know how the money is to flow in?

A. Do you mean the economics?

Q. Yes. What do you mean by "capital must be supplied"?

A. I presume the first step would have to be the creation of some kind of machinery for government operation of the industry. The precise nature of the machinery is not a matter to which we have given very great thought. In the light of more basic issues it is not of very great importance. Take the hydro used in Ontario..

Q. I will come immediately to the nature of the control which you expect the Federal Government to exercise. Tell us about that. I was going to ask you that in the second place, but tell us about that.

A. You mean a blue-print, as it were?

Q. Yes, if you like.

A. We have no such blueprint prepared.

Q. Do you envisage expropriation of the properties by the Federal Government?

A. Do you mean without compensation?

Q. No, with or without compensation. Do you envisage that the Government should own the properties by expropriation or otherwise?

A. There again one is not dealing with a matter that is of vital importance so far as making a success of the industry.

BY COMMISSIONER McLAURIN - It is of vital importance to us. We have to make a report to the Hon. Mr. Howe, and this is a matter of vital importance to us.

A. The main point is that the industry should be operated and under the control and subject to the policies of the Federal Government. Whether or not the Federal Government purchases the present securities of the operators and gives the Bondholders and Shareholders government bonds, or whether they leave the securities in the hands of the present security holders, as they did for example with the C.N.R., and pay the interest on them.

Q. Not all of them; they didn't pay the Grand Trunk interest.

BY MR. FRAWLEY - Whatever the particular technique concerned is, the ownership is to be acquired by the Federal Government?

A. If the securities are left in the hands of the Dominion Coal, the Bondholders, or the Federal Government..

Q. How would that advance the situation at all? What is to be the position of the Federal Government before the first dollar of capital is put into the industry?

A. In acquiring control over an industry, the first step is to acquire the securities which give you control over that industry, the shares. The Federal Government would have to acquire the shares.

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C. B. Wade

than

Q. Rather/the physical property?

A. I am not advocating anything. I simply say we have given no thought to that.

Q. I want to pursue it a little further even though you say you have not given much thought to it.

A. We have come to the conclusion that such matters as questions of technique are things which will have to be discussed in the light of all the circumstances at the time, and government opinion and policy will enter into the picture.

Q. Is the Government to put this money in without owning it, or after they have owned it?

A. They should put the money in after they have owned it, provided we are agreed on the ambiguity or the meaning of the word "owned".

Q. There is no ambiguity about it. Either they own the stock and securities and it is their company, or they own the physical property and that amounts to the same thing.

BY MR. COHEN - They might own the leaseholds.

Q. (To Mr. Wade) Your counsel suggests that they should rest with owning the leaseholds.

A. You may own the shares of a corporation which may constitute a very small issued capital. As long as you own the shares you own the corporation, in that you control it.

BY COMMISSIONER McLaurin - You can't own it.

BY MR. FRAWLEY - You have to own 51%?

A. Of stock, but not of bonds.

BY COMMISSIONER MORRISON - Unless some of the absentee owners don't attend the meetings.

BY MR. FRAWLEY (continued)

Q. You say you don't expect the Government to put the first hundred dollars of capital in until they have owned it?

A. I would prefer to say until they have control, because the question of control of the industry and ownership of the industry are not synonymous.

Q. If I own 51% I control it, but don't own it?

A. That is it.

Q. If the Government acquired sufficient of the securities and stock that they could be said to own it, 51%, then you say at that stage they should commence to pour in this capital?

A. I would not want at this point to commit myself. I would say off-hand that that would seem a satisfactory situation.

Q. I am striving to get you to place your recommendations as clearly as possible before the Commission.

A. If you want the Union to give some further definite statement on the technique of ownership and control, we might be prepared to consider the matter and give you our views on it. We have not thought it vital to go into the details.

BY COMMISSIONER McLAURIN - That is our job.

A. We were concerned with especially the need in the case of the Maritime industry, for public control.

BY MR. FRAWLEY - I am accepting for the sake of this discussion that there is a need there. It seems to me that is what the Governor General in Council is going to be most concerned about. Supposing he accepts your proposition that there is a need for some drastic remedy and this is one. What is to be done? Are we to acquire and own those properties?

A. I would think once that principle was accepted, then would be the time to get into a detailed discussion as to precisely what technique should be used.

BY THE CHAIRMAN - We are in the dark as far as you are concerned. You have initiated a proposition, and I would suppose that in order to have us see that that proposition was made effective, and was a good proposition, that we should know what you have in mind.

A. We have in mind the acquisition of the control of the industry, if that involves complete ownership, all right.

BY COMMISSIONER McLAURIN - Which do you think it should involve?

A. I have no definite opinion on the matter.

Q. Assuming that I agree with your philosophy, that it should be taken over.

A. That is not a philosophy.

Q. It is a philosophy, a political philosophy, that the Government

should take over.

A. For the sake of the record I have to repeat that we do not regard our position as having anything to do with a social or political philosophy.

Q. You have initiated the proposition that national control of this industry is necessary because it has been a failure. Let us assume that argument has been established and we accept it and are ready for the step of national control and so on. We want you to define it and give us the mechanics of how to work it out. If you think of stopping short of that you have not thought your problem out at all. Doing it one way might be acceptable to the Government, and doing it another way might not. You talk of stock control. I am not ready as a Canadian to let my money go into something that is merely controlled; to let my money go into a company that has failed.

BY MR. FRAWLEY - There is a distinction between 51% and 100%, just perhaps enough difference to stop the Government in making the decision. That is why I think you have to think the thing through.

A. In view of the importance given by the Commission to this question of technique, it seems to me if it would be useful to the Commission for us to submit our ideas..

BY COMMISSIONER McLAURIN - This Union has had eight months to submit their ideas, and I think they should be ready today.

BY MR. FRAWLEY - I thought that while it is not written down, that Mr. Wade could tell us the proposed nature of this Federal Government control, what it meant? It starts on page 72 of the brief and is confined within a very few pages. At the top of page 74 - "We are then left with the third method viz: the provision of the capital required, through a government agency coupled with the control of the industry and the expenditure of those funds by the same agency." Now we have advanced that to the point that the agency you have in mind is the Federal Government. But there is a tremendous difference between control to the extent of 51% of the stock and ownership of this industry.

A. May I make one comment. I am quite sure that when the Government decided to take over control of the national railways that they decided in the light of broad social and economic consideration, and that that decision was made quite irrespective of the precise method they should adopt of obtaining public control over the C.N.R.

Q. I think that is quite beside the point. Here we have a Royal Commission set up to make a report to the Government, and we have come to the most important phase of the whole inquiry, that is what is to become of the Nova Scotia industry which you say failed under private ownership?

A. We have not said it has failed under private ownership. That is misleading. We say it has failed under the ownership and operation of the Dominion Steel & Coal.

Q. I regard the industry as still being owned by the people called the Dominion Coal Company.

A. If there had been a different corporation handling it, it might well be successful.

BY COMMISSIONER McLAURIN - You said it failed under private corporation. Is not Dosco a private corporation?

A. The fact that Dosco has failed does not flow from the fact that Dosco is a private enterprise, it flows from other consideration.

BY MR. FRAWLEY - The industry as presently owned and managed, has failed?

A. Yes.

Q. You are suggesting a radical remedy to cure that, and I say it is the most important paragraph in your whole brief, and I think you should be able to put before this Commission now what you have to say about Government ownership and control.

A. Would it be very inconvenient to the Commission if you would be so courteous as to permit me a few hours to formulate that opinion?

BY MR. FRAWLEY - I am in the hands of the Commission.

BY MR. WADE - May I direct that request to the Chairman?

BY THE CHAIRMAN - Surely.

BY MR. COHEN - I can answer it now if the Commission will permit me, not on factual matters, but merely matters of reasoning. I can well understand Mr. Wade's hesitancy about getting into a jurisdictional quarrel, and perhaps such methods should in his opinion be suggested by a legal representative. Certainly there is no equivocation about the position of the Union that there should be public ownership of this enterprise. That being clear, I think the members of the bench will permit me to say that you can well understand that there are some general ideas held by generally members of the public about majority control of stock, etc., that do not quite coincide with the more finished ideas that would be held by members of the Commission and the Commission counsel and other counsel, and in a lesser degree by myself. That being so, I have no hesitation in making quite clear that the Union would not for one moment suggest to the Dominion Government that it go out and acquire majority ownership in an enterprise and then build up that enterprise and perhaps find itself in a position where it has enriched the position of the community stockholders.

BY COMMISSIONER McLAURIN - What you are asking is that there be time given you to submit a memorandum?

A. No, I am stating here that whether or not the Government will purchase the leasehold rights..

Q. I understood Mr. Wade to ask for time to submit a memorandum indicating the technique that would be employed.

A. Perhaps it would save the time of the Commission with the position of the Union being that of outright public ownership, then the method followed by the Government of either expropriating (and I do not think that is a radical thought) the leasehold rights or acquiring all the securities of the company - I don't know anything about the set-up..

Q. Are you going to take over and develop the position of the Union instead of Mr. Wade, or do you want this time he spoke of?

A. No. When any enterprise, whether governmental or private, proceeds to acquire the ownership of a particular entity, it will

have to decide in consultation with its lawyers and having regard to the property rights involved and the various outstanding issues, as to the best method ..

Q. What does the U.M.W. No. 26 recommend?

A. We recommend that the Government should, acting upon the information and advice which will be available to it as to the nature of the leasehold rights and the outstanding interest and debentures, that it might act upon that position so that the Dominion of Canada will own it..

Q. With or without compensation?

A. With compensation.

Q. And you want to withdraw Mr. Wade's appeal for time to put in a memorandum?

A. Well frankly, as the Commission knows, I have only just arrived in town, and probably Mr. Wade wanted to have the opportunity of referring to..

Q. You said it was not necessary to waste the time, and you thought it entirely unnecessary for a memorandum to be prepared as Mr. Wade suggested.

A. Quite so because there is no equivocation of our position of public ownership.

Q. And compensation?

A. Yes, and may I suggest too that whatever may have been said before I appeared with respect to Dosco failing, that in my own submission (and the Commission has asked that it be elaborated on) the nature of coal in respect to economy is such that the state should acquire it. I don't want to hold up anyone as being inefficient. The nature of the capital and the resources to be drawn on, and the tying in of so many phases of the economy may tie in...

BY THE CHAIRMAN - I am rather in a position that I don't know exactly where I am at. If you remember you made a statement and I put the question to Mr. Wade yesterday - you made a statement here in the opening or closing days of our last session here, as I remember the statement, that the proposition of the Union would be that they would give this coal company, or other

coal companies who were perhaps in rather a bad position at the time, an opportunity of seeing if they could make good in a number of years, and following on subventions and that kind of thing, and when the time came if they were not doing it efficiently, then you would suggest public ownership. Do you remember of making that statement? I put it to Mr. Wade yesterday and he said "I am coming to that", but he never came to it or made any statement on it. I thought it was a very good proposition because the position of the Dominion Coal during the last four or five years, they have shown that they could carry on this proposition economically, perhaps not in the way Mr. Wade suggested, but they have done it, and it was the war of 1914-1918 which put them to the woods and in a very bad and precarious position. That is one of the reasons why I always stood up for subventions, to get them back at least to the same position they were in 1912 or 1911. There was nothing said about it in the brief, and I thought that proposition of yours, if it developed that way, would be a rather interesting proposition, because to say that this company has failed, no, because if they had failed they would have been in receivership. They may have failed in some things, I am not suggesting that they carried on as efficiently as they could, but there may be a thousand reasons for that.

A. May I say with reference to the statement made by me eight months ago, as Mr. Justice McLaurin points out, I have had the benefit of reading many volumes of evidence that you have been busy collecting in various parts of the country. I have no desire here of entering into the question of giving a clean bill of health to or slinging mud at the corporate name of Dosco ..

Q. There is no suggestion of that.

A. If my point of view was that only the inaptitude so-to-speak of the officials of this company, or their unfortunate superiors, made public ownership a desirable thing, then necessarily we would go into that. But having examined the question as I have, and finding the extent to which coal ties in with the economy as a whole, with the result that it is almost impossible to go to any branch of the fiscal system or the economy of the country without

touching on coal one way or another, putting out money to enable it to carry on...

BY COMMISSIONER McLAURIN - Your position is that whatever you said at that time, the position of the Union is now that they have reached the stage for government control?

A. I think one might put it this way, that if from the standpoint of making it clear to the public mind and making clear to the country that coal inherently is an industry that must be publicly and nationally owned, sometime so-to-speak an opportunity should be given to private enterprise to show that it can make good, then I should give the opportunity..

Q. That is passed and water has gone under the bridge. The position of your client today is that the time has come for government control of this industry?

A. Yes. But we recognize and emphasize that a step of that sort can be taken and should be taken and will only be taken by a government, by a national government when the need for such a step is so patently clear that there is no argument about it. And if that is not patently clear, then we ascribe to the proposition.

Q. We know now the position that your client takes, or am I misled on the assumption that your submission is that the time has arrived for that being done?

A. If enough of the people of Canada see the situation as they do, and if not, by all means assist them.

Q. You might read your brief.

A. I have read briefs before and elaborated upon them and interpreted them and also been amused by them.

Q. A brief has been submitted by your client advocating this. You evidently have not read it because you are starting to qualify it. And if the U.M.W. wants to leave their brief in that position, where the brief says one thing and their counsel another..

A. It is not the position at all.

Q. Have you read the brief?

A. I am not answering questions, I am making a submission. I am speaking to a remark made, an observation made by the Chairman.

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C. B. Wade

Q. Just one moment. Here is a brief. I am of the opinion that you are saying things inconsistent with the brief. I asked you very courteously if you had read the brief. If you wish to content yourself by telling me discourteously that you are not answering questions..

A. I am dealing with the observations made by the Chairman with respect to the statement I made before the Commission earlier in the year, and when from counsel table I addressed the Commission and indicated in a general way the position taken by the Union, and the brief that is before you is connected with and is part of, or if you like an extension of the general statement then submitted and is to be read in that light. It is not at all improper, and I suggest that it is highly proper that any citizen to appear before a Commission as important as this and say "in my opinion the time has arrived when this, that and the other should be done." But if that is not generally recognized, then we certainly subscribe to the proposition that until the need for outright public ownership is recognized, there should be other assistance, subventions, capital advances, control and regulation of the industry, as will prove us to be right or wrong.

BY THE CHAIRMAN - We have enough now Mr. Cohen, we have your ideas.

EXM. OF MR. WADE BY MR. FRAWLEY (continued)

Q. I want to talk to Mr. Wade about something else for the moment, so I think I will leave that. Perhaps I would just like to say this. I am concerned with keeping the record as straight and complete for the Commissioners as I can, and certainly I am much concerned with what Mr. Cohen is now saying; he is in a very difficult situation. Mr. Wade, I have one more thing to ask you: You are not content that this industry should limit itself to the production of say 1939, somewhere around six million. You think there should be an increase?

A. We are not content.

BY COMMISSIONER McLAURIN - Are you talking of the Nova Scotia production?

BY MR. FRAWLEY - No, Cape Breton. It was about three million here.

EXM. OF MR. WADE BY MR. FRAWLEY (continued)

Q. I want to know if the scheme you have in mind, Government ownership, will increase the production, and if you can maintain the production over and above 1939?

A. Well our programme as outlined here will increase production.

Q. Yes?

A. Well clearly our programme as outlined is to assist an increase in production, but there might well be other matters that will have to be taken into account such as those suggested by the Provincial Government; increase in capacity of the mines here which has no direct bearing on our suggestions.

BY MR. FORSYTHE - Now Mr. Wade when Mr. Frawley first spoke to you this morning you talked about the essential thing being the provision of capital to increase the productivity of the mine.

A. It is one of the essential things.

Q. I say, did you say that to Mr. Frawley this morning?

A. Well you know the answer.

Q. Do you know it? Did you say that to Mr. Frawley this morning?

A. I said it.

Q. Now you said, in the meantime you would not discontinue the provision of subventions or other forms of assistance until you became aware as to the success or non-success of the provision of capital in increasing the productivity, did you not?

A. Roughly speaking, yes.

Q. That is pretty accurately speaking, what you said, is it not?

A. Yes.

Q. And you said that you could not of course be dogmatic about the success of your programme?

A. Yes, I prefer to say I cannot be dogmatic about the degree of success.

Q. Let us look at page 71 of this brief. You said - "Before giving the Commission our views on the machinery by, or the agency through which, such a programme can be made effective, it is necessary first to indicate in a broad way what we believe such a programme, properly implemented, would accomplish." Then you mention several

things but I am going right to No. 4: "The interests of the consumer of coal would be guarded by the provision of a secured supply of coal at the lowest possible price, of the highest and uniform quality obtainable with the most modern techniques of coal marketing and preparation, and he would be assisted in the purchase of the most modern, efficient combustion equipment."

Now I ask you if that is not a pretty dogmatic statement as to what would be accomplished by the programme, with regard to the consumer?

A. No, I don't think so.

Q. Are you aware of the fact, or would you concede the fact that the great problem in connection with the marketing of Nova Scotia coal is the question of price?

A. I don't think one can separate price from quality and from type of equipment available to the consumer. These questions are not measureable in isolation; one from the other, but must be taken together.

Q. Assuming you have coal of the proper quality but the price puts you beyond competition, it is so high that you cannot sell in a competitive market. Is not price the determining factor there?

A. Obviously, for one puts it this way, other things being equal or other things being given, the price will be determined.

Q. I am asking you to assume the position where you have the quality but your price is so high that your purchaser cannot buy and maintain his competitive position.

A. Given the quality in relation to the equipment being used, and are we referring to domestic or industrial consumption?

Q. I don't know that it makes very much difference, do you think it does?

A. Given the quality of the coal in relation to the equipment then the price will determine which coal, or what producer of coal the consumer will purchase from.

Q. Let us make it a little more dogmatic. Here you have a customer who requires a supply of coal and he has the equipment that can use the type of coal you are selling, and the type you are

selling is the quality that he requires, but the best price you can put on it is above the price that your competitor selling coal of equal quality is asking. Who is going to get the business, you or the other fellow?

A. The man with the lowest price.

Q. Will you concede then, Mr. Wade, that the difficulty about marketing coal from the Nova Scotia mines, the principal difficulty is the inability of the producer to make a competitive price?

A. The inability of the producer to make a competitive price, together with the inability or the failure of the producer to produce coal of the right quality, and the inability or failure of the producer to have the consumer utilize the right equipment, that is right in relation to our coals.

Q. Does it not come back to a question of price after all, Mr. Wade?

A. Well in a sense, and in a sense not.

Q. In a sense yes, and in a sense not?

A. I am going to expand on that. It is perfectly true I think that at the price in the past more coal would have been sold in Quebec and Ontario if it had been of a quality and if there had been the proper combustion equipment.

Q. You think more of it would have been sold?

A. Yes.

Q. At the price then prevailing?

A. Yes.

Q. I suppose you are aware of the fact that there are some limitations on the quality of coal that can be produced even by the most modern methods of treatment after it is extracted from the ground. You know there are limitations?

A. Yes.

Q. And you would not expect the management of this company to perform the miracle of up-grading the coal beyond the limitations that exist with regard to up-grading?

A. Physical and chemical?

Q. Yes, you would not expect them to go beyond those, would you?

A. No.

Q. I suppose the question answers itself - even the government in control could not do that, I suppose.

A. No.

Q. You have not made any direct suggestion as to the employment of the capital in the increase of the productivity, save I believe the question of mechanical loading, have you?

A. Would you mind re-stating that.

Q. I say you are talking about the provision of capital to increase productivity, and I am asking you if there are other practical suggestions for the increase of productivity other than that of mechanical loading and mechanical devices, to be found in your brief?

A. Were there any other suggestions other than that of mechanical loading?

Q. Yes?

A. The question of productivity, yes, we have here on page 69 suggested the provisional capital for experimentation on new uses of coal.

Q. Yes, but of course that is experimentation, is it not?

A. Yes.

Q. And the outcome of experimentation will depend on whether that productivity will be increased or not?

A. Yes.

Q. I am talking about the practical and immediate increase of productivity?

A. One cannot separate the question of the ability to sell the coal, or to use the coal, from the question of productivity, for this reason, that if matters reached the stage where the mines could use or sell every tone of coal that they could produce in a full year, that in itself would be one of the most important factors in increasing productivity.

Q. My question was are there any other immediate practical suggestions for the expenditure of this capital in the increase of productivity in the mine?

A. I regard what I have just said in part answer to that question.

Turning to page 70, we have dealt with the question of mining engineers. I think that is an extremely important factor in the question of productivity.

Q. Let us deal with that. You referred to that before somewhere quite early in your brief, did you not?

A. I mentioned it briefly.

Q. Page 38 I think is where you developed that. Now referring at the top of page 38 to conditions which are referred to again on the bottom of page 37, that is the physical defects of the operation of these mines. You say: "It is obviously true that the highest technical skill is required under these conditions, yet it is equally true that highly trained men do not manage the mines - a university graduate of a mining school is a rare individual in the Maritime coal industry." I take it from that, you are saying that the men who manage the mines are, by reason of their lack of technical education, incompetent to do it? That is what you mean, is it not?

A. There are degrees of competency, and I would say it was a fair deduction that a man who had not had the opportunity of acquiring that technical knowledge by a university course in mining engineering, would, other things being equal, be at a disadvantage.

Q. Let us not talk of other things being equal. Let us talk of the mines. You have men in them, and you have raised in the brief that highly trained men do not manage the mines. Does that mean that the Union puts forward to this Commission some degree of incompetency on the part of the management of the mines because the men are not college trained?

A. To some degree, yes.

Q. And inevitably you say competent management of the mines, the utmost competence in the management will require trained university mining school graduates?

A. Yes. We are not talking about all levels of management.

Q. I am talking of the same level that you are talking about here. What level was that?

A. I didn't say it would be essential for an extremely competent, he would have to have training, but it would seem to me that mining engineers and superintendents would find it most useful to have university training and it must be that they would find it desirable to have it.

(page 3575 follows)

A Well, I don't see that it would be essential for an overman, in order to be extremely competent, to have university training, but it would seem to me that at least mine managers and superintendents would find it extremely useful to have the opportunity of acquiring university training. I am sure that most of them would desire that opportunity.

Q That is just a little bit different.

BY THE CHAIRMAN: There is no doubt about the statement: "It is equally true that highly trained men do not manage the mines."

BY MR. FORSYTH: I asked him what level of management he is speaking about, and that is a word he raised himself. He goes on to tell me that he thinks it would be useful for certain people to be university-trained, and no doubt they would like to be. That does not really answer my question and wastes a little bit of time. I am just asking him what level of management he is speaking about.

A The precise level is obviously a matter for a mining engineer to decide. I am not a mining engineer.

Q Yes, but you see, Mr. Wade, you are not speaking here all by yourself. You told us yesterday you had had this brief all over Nova Scotia and New Brunswick in the mining unions and you discussed this thing with the people who were there. That was so, wasn't it?

A Discussed the formulation of this brief, yes.

Q And certainly you discussed the things that you were putting in it with the local unions, did you?

A Yes.

Q And I understood you to say yesterday that the Union takes the responsibility for what is in here, because you had prior discussion with them?

A Yes.

Q Now then, what I am asking you is, what level you or they had in mind when you talk about the absence of university training here?

A The union, with due modesty, is of the opinion that that is a matter for expert opinion.

Q Well then, why didn't they say so?

A Well, Mr. Forsyth, if everything that had to be, had been said on this question you would have been in the unfortunate position of having to sit and listen to me reading at least four times the amount I did read.

Q I am not troubled with insomnia, Mr. Wade. I could have slept through it all right. What I am pointing out to you is that here is a veiled attack upon the competence of some group of people in this industry and I want to know who they are.

A It is not an attack at all. It is just a simple statement of fact that a man who has not had the opportunity of having university training is at a disadvantage.

BY THE CHAIRMAN: You go further than that: "It is equally true that highly trained men do not manage the mines."

BY MR. FORSYTH: And you said to me a moment ago that what you intended to convey by that was that there was a degree of incompetency that resulted from an absence of that university training?

A Certainly.

Q Now the only question I am asking you is at what level does that degree of incompetence exist in these mines?

A I have already given you the answer to that, Mr. Forsyth.

Q I don't think you have.

BY THE CHAIRMAN: What was it, Mr. Wade?

A The original question, Mr. Chairman, was not precisely as it is now formulated. The original question was, at what level does the Union think the managerial staff should be given university training in mining engineering.

BY MR. FORSYTH: Oh no, I never asked any such question.

A That was my interpretation.

Q Mr. Chairman, I put the question and he said, "What level are you speaking about?" I said, "I am speaking about the level

you were speaking about in the brief." I want to know what level that was and I have not found out yet.

BY MR. COHEN: You are both wading out too far.

A As far as I know there are two highly competent mining engineers in Cape Breton Island.

BY MR. FORSYTH: And they are both in the employ of the coal company?

A Well, I understand that one is employed by the Dominion Coal and one is employed by Old Sydney Collieries. And nowhere in this brief has it been impliedly or explicitly suggested that the mining engineers that are employed by this company are incompetent as mining engineers.

Q All right, that disposes of the top level, mining engineering, I suppose, does it?

A That disposes of one top level.

Q Well then, can we get to the level that you are speaking of here?

BY THE CHAIRMAN: Did I understand you to say that there were--- you mentioned the mining engineer of Dominion Coal and the mining engineer of Old Sydney Collieries. There must be a large number of other engineers employed by those two companies?

BY MR. FORSYTH: Those are the two that he was giving the certificate of high competence to.

BY COMMISSIONER MORRISON: As engineers.

A Well, Mr. Chairman, I may be misinformed on this point and if I am misinformed I am quite prepared to say so. I was under the impression that the companies in Cape Breton only employ two fully trained mining engineers. Now if ---

BY MR. FORSYTH: Of course if that is wrong it's wrong.

BY THE CHAIRMAN: I can point out to you a good many mining engineers employed by both those companies that are graduates of very thorough educational institutions of this and other countries.

BY MR. FORSYTH: I am trying to find out where the persons are who are referred to as managing the mines and not being highly trained. I want to know at what level they are. Are they the mine managers? Are they the superintendents?

A They are the superintendents, the mine managers and the underground managers.

Q At last we are getting somewhere.

A Who are, we submit, at a disadvantage by virtue of not having had a university training in mining engineering.

Q Not the type of people that you think would be competent to advise, not fully competent to advise this company on the solution of its mining problems at all levels?

A It would be a deduction that they would be to some degree more competent if they had had a university training. And secondly, Mr. Forsyth, the duties of superintendents, mine engineers and underground managers are not confined to mining problems; they are confined to problems of labor relations, for example, which is a very important factor in productivity, and there their lack of training would put them at a disadvantage.

Q That is their lack of training as mining engineers would put them at a disadvantage?

A Yes, other things being equal.

Q Well, this business of other things being equal. I don't mind you saying that but you know in this world most things are not equal.

A Well, it is a very important point because there are always exceptional men with exceptional energies and capacities who are not at a disadvantage.

Q Now here is what you said, and you weren't talking about labor relations, you were talking about physical difficulties, and you said: "It is obviously true that the highest technical skill is required under these conditions, yet it is equally true that highly trained men do not manage the mines." Now I ask you if it is a proper inference that there is

something that is absolutely essential there, namely the highest technical skill, and the company is not getting it. That is what you meant, was it?

A The highest technical skill being defined as ---

Q A graduate of a mining school?

A A skill that requires as part of its acquisition university training in mining engineering.

Q I see. Now then, do you know where those men come from whose lack of technical skill and lack of mining engineering education you complain about?

A No.

Q Q Well, would you dispute the fact that every man in the groups that you mention is a man that has worked his way up from the mines to the office that he holds?

A I am willing to accept that.

Q And your thought about it is that that background and that experience is not in itself sufficient? That is the position you take?

A For the highest level of skill.

Q Oh, well now, wait a minute. You use this jargon word "level" in two different ways. You are speaking of the highest degree of skill, perhaps?

A Highest degree, right.

Q At any rate then you say that you are not going to get the highest competence from men who have merely the background of their experience working up from the mines?

A With the emphasis on that word "merely", Mr. Forsyth, yes.

Q And the Union felt that that is a thing they ought to complain about in this brief?

A No, I don't like the word "complain". It was something that we felt it was our duty to draw to the attention of the Commission.

Q Well, all right; that's all right. Now then, let's come to something else for a minute; we have got that out of the way.

You talk a great deal about the very important position of coal in the world economy, and you made some reference to Great Britain as the mother and home of modern industry. Now I just want to ask you, Mr. Wade, if up to the present at any rate industry insofar as it has been related to coal has not always required cheap coal, low cost coal, if it is to maintain any paramount international position?

A Did you say Canadian industry?

Q Oh no, industry.

A No, I don't think I could agree with that. If I understand your question aright I don't think I would agree with the suggestion there.

Q Well, let me put it in another way.

A May I --?

Q You can say anything you like, because you have.

A I would suggest that in the majority of cases the cost of coal in any industry is such a negligible proportion of the total cost of the product being produced that its use would not be primarily determined by the price of that coal, except of course under those circumstances where some competing fuel would arrive on the scene, but given the lack of that competing fuel, as you have for example in England, the price of coal does not enter into the picture at all so far as the utilization in industry is concerned. In a country like England the extent of its utilization would depend practically entirely on the general level of economy. Does that answer your question?

Q That answers several other questions, but not the one I asked you. Here is a thing that you said to this Commission in your brief. You took Dr. Glen Parker as your authority for this statement: "Coal has played such an important part as an energizer in the development of modern industry that the present era has been designated, not inaptly, the "Coal Age". Instead of calling this the 'Age of Iron', W. Stanley Jevens, as early as 1865, insisted that the era rightfully

should be called the 'Age of Coal', for without coal, he proclaimed, we would be thrown back 'to the laborious poverty of earlier times'. Within the calculable future," and so on. Now then, what I am suggesting to you is that this all-important item in industry will only permit industry to become dominant in a competitive atmosphere so long as that all-important commodity is cheap. Now isn't that a sound proposition?

A I don't understand the proposition.

Q Let me explain. Here you have England dominating world trade for years. Now isn't one of the reasons why she dominated world trade as compared with any other country in Europe because she had cheaper coal?

A Oh, I think that would be a very negligible factor. The fact that she had coal, yes, that was of prime importance, but the question of its cheapness or expensiveness, no, I don't think that that was an important factor.

Q But you do say this: "Coal is the most important single factor in industry," don't you?

A Yes.

Q But it doesn't make any difference whether the most important single factor in industry is cheap or expensive? Now that is your proposition, is it?

A As to whether it is cheap or expensive does not determine its utilization.

Q That is not the question I asked you.

A Would you repeat the question?

Question read to witness.

A Well, very little difference to whom, to what? I don't understand the question.

Q Well, if you want to put it on the basis that you don't understand the question I will leave it right there and you don't need to answer it.

A I am not avoiding an answer. I just don't understand the question.

BY MR. COHEN: The witness asked, difference to whom?

BY MR. FORSYTH: Mr. Cohen, the witness is in no trouble.

BY MR. COHEN: I am not suggesting he is, but my friend is confusing two things, if my friend will permit the suggestion, and the witness should not be confused.

BY THE CHAIRMAN: Neither one is in trouble as I see it.

BY MR. COHEN: There should not be a suggestion left that the witness says, "I don't understand." The witness asked Mr. Forsyth, "difference to whom?" I am not objecting to Mr. Forsyth not answering, but why leave the inference that it is Mr. Wade who is not answering?

BY THE CHAIRMAN: Mr. Wade is well able to look after himself.

BY MR. FORSYTH: You heard the question read a second time and you said you didn't understand it, and I said if you wanted to leave it that way you didn't need to answer it.

A Before I said I didn't understand it I asked you in a very explicit, specific way for an amplification of the question, which you didn't give me.

Q I just had the question read again.

A It did not include the amplification.

BY THE CHAIRMAN: I suppose you would certainly go this far, that the higher the price of coal is the higher the price of the commodities that are made available through the introduction of the use of coal?

A Well, Mr. Chairman, speaking in a long-range, historical sense I would feel doubtful whether I should answer yes to that, because in an industry when you have larger costs relative to other costs--supposing coal in England had been more expensive, now the next result ---

Q I didn't ask you that at all. Take this: I am paying \$6 a ton for coal and manufacturing some steel products. Another man is paying \$10 for coal and he is manufacturing the same kind of steel product. He must sell his steel product at a higher price than I am selling mine if he is considering the question of coal at all?

A Given a moment of time, what I wanted to draw to the attention of the Commission was the fact that when a man had to pay \$10 for his coal, often it has resulted in him searching around for ways of reducing costs in other directions.

Q I didn't ask that at all. I asked a bald question. Isn't the answer in the affirmative?

A Given that static situation, yes.

BY MR. FORSYTH: Now, Mr. Wade, you referred on page 4 of the brief to the duty of the Commission with respect to anticipated post war conditions and ---

A The end of the second paragraph, I think. Is that the one you mean?

Q I think it is mentioned in one, two, three paragraphs at least on that page, and at some point you made reference to the "ever expanding industrial economy of Canada"?

A Yes.

Q Now when you used that phrase were you referred to the alleged tremendous industrial expansion in Canada over the past six years?

A Would you mind pointing out to me the sentence, Mr. Forsyth, so I can be sure.

BY MR. FRAWLEY: It is on the bottom of page 3.

BY MR. FORSYTH: "It is equally significant that here in Canada, as we have developed to an ever expanding industrialized economy."

A And your question is?

Q My question is whether that phrase had reference to what is said to be a tremendous industrial expansion that has occurred in Canada during the last six years?

A Primarily, yes.

Q It had little if any reference to the expansion in the years that preceded the war, eh?

A It has some connotation with reference to what preceded the war, but primarily I should say to the last six years.

Q Then on page 6 you deal with the question of price being not the determinant nor the causal factor in the utilization of coal. We have discussed that to some extent, but further down at the end of the second complete paragraph on that page you say: "National income and an effective expanding national economy - not the price of coal - are the factors which determine the use of coal." Now in the first place, what do you mean by "national income"?

A Well, I presume we don't want to get into a technical discussion of ---

Q There is no technical discussion involved. I just said, what do you mean by it? Define your term, that's all.

A Well, very briefly one could say the real national income, Mr. Forsyth, if you don't mind my qualifying your phrase?

Q You are not qualifying any phrase of mine. I am asking you, you have got two words in a brief that you wrote, the two words are "national income", and I just say, what do you mean by those two words?

A National income is the sum total of goods and services produced in a nation during the course of a year, say; in a given period of time.

Q In other words national income is the value, expressed in terms of dollars, of your entire production and services?

A Now, Mr. Forsyth, that is precisely why I asked you to let me use the word "real", because there is a distinction between "real" and "money" national income.

Q I just said expressed in terms of dollars. You have got to express it somehow, haven't you?

A We will let that go.

Q It is very good of you to let it go. Now then, you talk about an effective expanding national economy?

A I have not found the place on the page yet.

Q Page 6, the bottom of the second complete paragraph. You see? Look here.

A Fine. Now the question was? I am sorry to ask.

Q The question was, you have used these words, "effective expanding national economy". Can you tell me in a few words just what you mean by that?

A The phrase there should have been "an effectively expanding national economy".

Q My attack was not that of a grammarian.

A An expanding national economy is an economy in which the new labor force that comes on to the scene each year is immediately taken up and fully employed.

Q And that is all it means?

A Well, the employment of the new labor force that comes on to the scene every year naturally involves a host of other things which you surely would not ask me to detail.

Q I am not asking you to detail anything. I am just asking you what you mean by that phrase.

A That expresses it in its briefest, simplest, basic terms.

Q That's all I wanted to know. Now then in the next paragraph you speak of a "sound national economy and an adequate, properly distributed national income." Now then, the national economy of which you speak is conveniently and simply expressed in terms of providing full employment for the labor force?

A In a simplified way, Mr. Forsyth.

Q I am just asking you. That is what you told me before; I suppose it is the same thing. And a national income, you are using the words in the same sense there, aren't you? And when you talk about a "properly distributed national income" what do you mean by that? That every individual person should have an identical share of it?

A No.

Q Well, what do you mean when you say "properly distributed national income"?

A We mean a national income, and in this case one would be referring to money income, that is distributed in such a manner that it leads to the greatest and most effective use

of human and material resources--effective, incidentally, from the national point of view, the social point of view.

Q And I suppose that if it is effective from the national point of view it should be concentrated on production of those things which can with the greatest efficient economy be produced, shouldn't it?

A Now I can't answer that question, Mr. Forsyth, until I get an explanation of your understanding of the meaning of the word "efficiency."

Q Well, you used it a good many times here.

BY THE CHAIRMAN: I hope that Mr. Forsyth didn't come down from Montreal to change the meaning of words. The meaning of "efficient" is pretty well known.

BY COMMISSIONER MORRISON: They don't agree on the meaning of words.

MR. FORSYTH: You would be surprised to find how we agree about them. We don't use them the same way, that's all.

MR. WADE: With great respect I would like to suggest that by no means has the word "efficiency" a precise meaning. It can be used in the technical sense of efficiency and it can be used in the social sense of efficiency.

BY THE CHAIRMAN: I know as much about the meaning of words as you do and I am saying there is a well defined, well regulated meaning of the word "efficiency".

BY MR. FORSYTH: Of course I didn't use the word "efficiency" anyway. I used the word "efficient". I don't think it makes much difference where you find the word "efficient". It must mean about the same thing, doesn't it?

MR. WADE: Well, frankly, Mr. Forsyth, I am sorry but I do disagree. I can't answer the question without a definition.

Q You can't answer the question that I asked you without my defining the meaning of the word "efficient". Well, we will let it stand just there. Now this ever expanding industrialized economy we have spoken about, and which you said referred more specifically to the expansion of our industrial

economy in the six years immediately past?

A Yes.

Q Now what was that industrial efficiency concentrated on, that industrial expansion, what was it concentrated on?

A Concentrated primarily on (1) the production of armaments of various kinds; (2) on the production of clothing and other types of equipment for the armed forces, and it was concentrated also on the production of food, that is fabricated foods for the armed forces. I could add to that list possibly if I had time to think about it.

Q I don't want you to go into any great detail about it. I wondered if we might not agree, if you could describe the expansion generally by saying it was founded upon and catered to a supply of war materials?

A No. A supply of materials, yes, for the war. A very substantial part of those materials are materials used in peace time too.

Q Have you made any calculation as to what proportion of that industrial expansion concentrated about the production of peacetime material?

A No, I have not made any estimate of that.

Q Wouldn't that be a study that one would think relevant to the proposed use of coal in the industrial expansion?

A We have acknowledged that fact, Mr. Forsyth, in the brief here, admitted that it was such a complex question requiring information that we have not at our disposal, that we didn't think it would be useful to express any opinion on it, but it is mentioned, you will find, in this brief.

Q You will concede, I suppose, that the consumption of the products of that industrial expansion at least necessitated some export from the country?

A Oh, definitely.

Q And I suppose you will concede that if you are going to maintain the same basis of industrial production that also

will require some export?

A Oh, definitely.

Q And you will agree, I suppose, that in the normal course of events if you are going to export from a country you have got to be able to meet competition abroad?

A Did you say in the normal course of events?

Q In the traditional course?

A With emphasis on the "in the traditional"?

Q Put the emphasis anywhere you like.

A In the traditional, yes, fine.

Q Well now then let's get away from the traditional, and I will take your word for it, whatever you like to call it.

BY THE CHAIRMAN: Realistic.

BY MR. FORSYTH: No, realistic is not the word. Idealistic, I think it is.

A Oh, please, Mr. Forsyth.

Q You suggest a word. Utopian?

A Now let us say "intelligent"; shall we?

Q Well now, I don't know. I don't know, Mr. Wade, whether either one of us is competent to use that word very much.

A Well, we will get together on that afterwards.

Q Yes, but I will take your word, intelligent! In fact I think it is a very good word when I come to think of it. Now I suppose that even under an intelligent system you are going to have to export goods to maintain that industrial economy?

A Yes.

Q And I suppose that under the intelligent system a man who takes more out of the pot than he puts back every time he dips his spoon into the pot is going to eventually exhaust the pot, is that right, if he keeps on dipping?

A Well, that would be true if the pot contained a certain quantity and no more, but some pots have the miraculous attribute of replenishing themselves.

Q I know they have. Now, Mr. Wade, let me suggest to you, however, that if you are going to export goods from Canada to other countries, even supposing there is no question of competitive prices involved, because you are dealing on the intelligent system ---

A Shall we say "arranged national trade"?

Q I am not talking about arranged, I am talking about the intelligent system under which you don't have to consider the competitive price.

BY THE CHAIRMAN: Don't answer the question till you get the last of it.

BY MR. FORSYTH: I was saying that under the intelligent system competitive price was a factor that you did not have to take into consideration in the export business?

A I didn't say that.

Q Under the intelligent system do you have to meet competitive prices?

A It is merely one factor that has to be taken into account.

Q But if it is one factor you have to meet it, don't you?

A You have to meet it in a certain context, that is to say, in the context of taking other factors into consideration, but to meet it in the sense that you have to meet a given price, no, for other factors were taken into consideration.

Q Well, suggest some of the other factors. I would like to give you an illustration. Here is a man producing in Canada this book and he has got to send it abroad, and there is another fellow in the United States producing the same sort of a book and he wants to send his abroad to the same market. Now the best price I can make is \$5 and the best price he can make is \$4. Now there is the factor of competitive price. Now how am I going to sell my book against his? What other factors would you have in your intelligent system that would do that?

A But your question implies that you have an entirely free

competitive market without any social or political restraint being imposed upon that market by public policy.

Q Imposed by whom?

A By the government of a given nation.

Q Well, don't you have to have by the governments of all nations?

A We might well, for example, find it useful and valuable to import certain things, let us say for example from China, because it is in the interests of the nation to assist in the reconstruction of China. Well now, it might not be the competitive thing to do at all. We might be able to get that stuff from somewhere else at a cheaper price.

BY THE CHAIRMAN: You have got away from the question. What chance does the \$5 book man have against the \$4 book man?

A Well, without government intervention he would have no chance at all.

BY MR. FORSYTH: All right. Now then ---

BY COMMISSIONER MORRISON: Like trying to sell Dominion coal in Ontario without a subsidy.

BY COMMISSIONER McLAURIN: But if you were selling the book in Guatemala you would have to get the Guatemalians to do the intervening.

MR. WADE: You see, certain of those questions are based on premises or hypotheses or postulations and unless I appreciate the premises on which they are based my answer is going to be misleading.

BY THE CHAIRMAN: There were no premises to that.

BY MR. FORSYTH: Now then, on page 10 you speak of "full employment". I don't know that the word is actually used there but I see that that is leading up to full employment, at any rate. Now I want to know what you mean by "full employment" yourself?

A I mean a situation where there are more requests for labor, using the word labor in the broad sense of people available

for employment, more requests for people than there are the people available to fill those jobs.

Q Now what kind of jobs are they to be, the jobs that people want to do or the jobs that the economy of the country wants done?

A I can see in practice no conflict arising between the jobs that people want to do and the jobs that the economy wants them to do.

Q Well now, let us see whether that is quite right. Here you have on a thesis which you later set up a theoretical tonnage of 10,000,000 tons of coal to be produced in Nova Scotia and New Brunswick, and you say that the economy of the country requires that 10,000,000 tons to be produced, but let's say that your guess about that should be wrong, see, and the economy of the country only wants 8,000,000 tons to be produced, and you have got people down here looking for jobs in coal mines and they don't want to work in anything else. Now does full employment mean that you are going to produce 2,000,000 extra tons of coal to give more jobs in the thing they want to do, or are the jobs to be given something other than coal mining that the national economy requires?

A You are posing a question, a hypothetical situation that I just can't envisage.

Q Well, you have posed a lot of hypothetical situations that some other people can't envisage.

A You won't have a situation where you would have 2,000 men who won't want to do anything else but work in a coal mine.

Q My dear sir, you are suggesting that you have a lot of people down here you can't do anything else; they are chained to work in coal mines.

A Where do I suggest that?

Q You devote about four pages to it.

A Excuse me. The submission there was that without retraining and assistance these people cannot do anything else, which is very different.

- Q Well, now then, Mr. Wade, let's put it this way. Suppose you had those 2,000 theoretical men that you are speaking about who prefer to work in coal mines rather than to work at something else. Is it your concept of the ordered economy of which you speak and the national control of this industry that they should create 2,000 shall I say not altogether necessary jobs to satisfy the preference of those 2,000 people?
- A Definitely not. Nothing could be more demoralizing than the creation of jobs.
- Q Or the production of coal that people don't need and can't sell, I suppose is the same thing?
- A Certainly.
- Q So that if the production of coal that people don't need for use and can't sell is involved in your propositions, then they must be modified at least to that extent?
- A Of course if our estimates are wrong --
- Q Now it is your theory that the ever expanding industrial economy of any country, but of Canada in particular, will be inevitably reflected in an increased use of coal?
- A Inevitably?
- Q Yes?
- A No, not inevitably. We have suggested in the brief that very definite steps should be taken to ensure the increasing use of coal.
- Q But your brief is all set up upon the basis that there will be an increased use, isn't it?
- A Certainly like any forecast of the future it is an estimate.
- Q Where did you go for information upon which to forecast the future? You didn't go to the crystal ball, I suppose?
- A We go to those institutions, organizations, people and so on that have the most power and authority in shaping the future, and in this particular instance we have selected the federal government policies and proposals.
- Q Oh no, you haven't made the federal government your prophets,

you are delivering the prophecy yourself, and I want to know what the background of it is? Do you take historical facts into consideration? Do you look at the use of coal in one year with an industrial economy geared to a certain point and look at the use of coal in another year when the industrial economy is geared to a higher point?

- A. We have ascertained that the use of coal in Canada has fluctuated with the fluctuations in the national income, that is to say with fluctuations in degree of employment, and we take it as a reasonable assumption that that will be the situation in the future. Naturally we are faced with imponderables like atomic power and so on.
- Q. Now assuming that is right, that the utilization of coal will fluctuate with national income, what will be that national income? I don't want you to give us a treatise here, I just ask you have you examined into historical facts in order to make your prophecy?
- A. Yes.
- Q. Now what did you discover say about the use of coal in Canada for the period let us say from 1910 to 1943?
- A. We discovered that its use fluctuated, that is the quantity fluctuated, broadly speaking, with national income.
- Q. Now then, do you know what the national income of the country was in 1913?
- A. No, I do not; I only have figures going back to 1926.
- Q. Give me the figure in 1926.
- A. You can pick it out of your book there.
- Q. Give me the figure in 1926.
- A. \$4,494,000,000, that is money, not real.
- Q. What was it in 1936?
- A. Money, \$3,829,000,000.
- Q. Do you know what it was in 1943?
- A. It would be approximately $8\frac{1}{2}$ billion.
- Q. Now are you aware of the fact that between 1913 and 1943

there has been in dollars about a four-fold increase in national income?

A Between what years are those?

Q 1913 and 1943.

A Well, I will take your word for it. I presume you have checked it.

Q Don't presume anything about it. I am just asking you if it is so?

A I don't know.

Q You don't know?

A No.

Q I will put it to you, in 1910 the statistical reports show industrial production at \$1,165,975,639.

A Industrial production?

Q Total income.

BY THE CHAIRMAN: Well, industrial production ---

BY MR. FORSYTH: All I am taking is a comparable figure. Mr. Wade gives me a figure of 8½ billion.

BY THE CHAIRMAN: Does that only include income from industry?

BY MR. FORSYTH: While I am looking for that, Mr. Wade, what ^{you} would think from your study of this thing . . . would be the relative position of people employed in non-agricultural industry in this country in 1931 and 1939, in numbers?

A There would be more people employed in non-agriculture than in agriculture.

Q That was not the question.

A What time is it?

Q It is 5 minutes to 12.

A I will have to check this, just what this figure is. We might not be talking about the same figure.

Q Now that is just a matter of opinion. You have studied the economic history of this country for a good many years, no doubt, when you were preparing this brief. What would you think would be the situation as to the number of persons employed in non-agricultural pursuits in Canada in the

year 1931 as compared with 1939? That is, would that number be greater in 1939 than in 1931, or less?

A Well, I don't like having to answer questions based on figures that I haven't got at my finger tips. I just would not like to venture an answer.

Q You wouldn't have any idea of the trend?

A Well, the trend is definitely and obviously for a smaller and smaller proportion to be employed in agricultural pursuits. That is the historical trend, but for any particular years, I wouldn't like to venture an answer.

Q Will you tell me where you got the figure that you use in this brief of 2,367,000 persons engaged in non-agricultural pursuits in 1939?

A Yes, I got that from D.B.S. publications and I regret that I didn't put down the exact source here. I will do that for you.

Q I don't want you to put it down for me; I want you to bring me the table because I haven't got time now to find these things. If I had had this brief a little while ago I might have been able to look up a little of this material.

BY MR. COHEN: What page is that?

BY MR. FORSYTH: Around page 13. On page 15 he says "The table already referred to discloses . ." Now there is no reference to any table anywhere but he does say that the number indicated on page 13 in non-agricultural industries as of April 1, 1939, has been stated to be 2,367,000.

BY MR. COHEN: Just to assist my friend, I think that my friend will find that in one of the documents filed at the Dominion-Provincial Relations Conference in August of this year. That is, not the "Proposals" but one of the documents filed by way of reference. That figure I think appears there in Table 5.

BY MR. FORSYTH: That will be a great help when I come to study that document but I am studying Mr. Wade's brief now and he has stated that he has some source material here. I never

saw his brief until yesterday and I am asking Mr. Wade if he will be good enough to produce the source material here.

MR. WADE: Certainly.

Q Will you do it this afternoon?

A I will try to do it this afternoon.

Q I will be put in the position if I don't get it this afternoon that I won't be able to go on until I do get it.

12 NOON - COMMISSION ADJOURNED

AFTERNOON SESSION

The Commission reconvened at the Court House at 2.00 P.M.

MR. WADE resumes stand. Examined continued by Mr. Forsyth.

Q Now, Mr. Wade, I suppose that preparation of this brief occupied a very considerable time of yourself and a good many other people in preparation and study to compile it?

A Yes.

Q And you have told us that you made a special effort to communicate it to the officers of the various local unions and to obtain their views and their concurrence in what was said here in the brief, isn't that so?

A Not precisely that, Mr. Forsyth. A special effort was made to collect the opinions of the various locals.

Q And this brief represents the collective opinion, so far as it could be rationalized and co-ordinated, and I suppose we can say that the brief is the product of the best brains of the union?

A Yes.

Q And in connection with that you developed a formula for predicating the production of coal, or the coal requirements, I should say, of this country for the period upon which we are just now entering?

A Yes.

Q And using that formula you arrived at a figure of $40\frac{1}{2}$ million tons, as appears on page 17, eh? $40\frac{1}{2}$ million tons per year?

A Yes.

Q Now that is not bituminous coal, is it?

A That would include anthracite, yes.

Q That would include anthracite and lignite, wouldn't it?

A Yes.

Q However, you are satisfied that you have evolved a formula that is reliable and upon which the coal consumption needs of the country can be formulated?

A Is reliable, you say?

Q Well, I asked you if you thought it was reliable?

A Naturally it is hardly necessary for one to explain that any formula or method one uses for attempting to predict a trend in the future is subject to margins of error, and we are not even suggesting that this is the most reliable method to use. I am suggesting it was certainly the most reliable within the means available to the union.

Q I would like to know what you mean--if you say that you don't feel satisfied of the reliability of the formula, what do you mean by saying on page 17: "The coal question in Canada must be determined upon that basis"? Isn't that a statement to the Commission that that is the formula upon which they must proceed to predicate the coal requirements of the country for 1946 and following?

A No. That is a formula which we have developed for the assistance of the Commission.

Q Yes, but now the words, Mr. Wade, the words don't leave much room for backing away from the formula--"The coal question in Canada must be determined upon that basis." That is what you said.

A That is to say, upon the order of figures of $40\frac{1}{2}$ million. Now we are not going to argue as to whether there will be 38 or 43 million.

Q I am not going to argue about it at all. I am just asking you whether you meant that the coal question in Canada must

be determined on that basis, or something else?

A The word "basis" refers to the estimated consumption of $40\frac{1}{2}$ million tons of coal. It does not refer to our method of calculating $40\frac{1}{2}$ million tons. There might well be a better method.

Q But if you are going to arrive at $40\frac{1}{2}$ million no matter how you calculate it, then your method is as good as any other, isn't it?

A I said that order of figures, and you know, naturally, what I mean by "that order of figures". Another method might produce a slight variation from that. In other words, we do not want to be tied down to the exact figure of 40.5 million tons.

Q Well then, you don't want to be tied down to what is really the fundamental proposition of your brief?

A Oh yes, we do. The fundamental proposition of our brief is that, as nearly as we think it can be estimated, tonnage in the order of $40\frac{1}{2}$ million will be required in post war years, given certain federal policies, for example, concerning full employment.

Q Given certain federal policies? The federal policies that you are given and that you have adopted look toward the employment in non-agricultural industries of 3,267,000 people, don't they?

A Yes.

Q Now that is the federal policy that you are talking about?

A As a minimum.

Q All right, as a minimum, but you have adopted that figure as your figure, haven't you?

A We have adopted that minimum as our figure, yes.

Q And based upon that figure, related to the same figure, the statistical figure of 1939, you say that indicates a demand or requirement of $40\frac{1}{2}$ million tons of coal?

A Right.

Q And you worked that out on a formula established by dividing the total coal consumption in Canada in 1939 by 2,367,000 people, the figure stated in the statistical data to be those employed in non-agricultural industry in that year?

A Yes.

Q And that gives you 12.45 tons per year?

A Yes.

Q Now then, I ask you if you checked that figure of 12.45 tons per year with any other year?

A No.

Q Of course that table doesn't go back beyond 1939?

A No.

Q And you did not explore the question in any earlier year than 1939?

A What question?

Q The question of how your formula would work?

A No.

Q You said, "I am satisfied to take the year 1939 and ascertain the number of tons of coal per person engaged in non-agricultural pursuits, and accept that figure in order to arrive at the tonnage of coal required when 3,267,000 people are employed in similar pursuits?"

A Yes; at the same time presenting our reasons for taking that.

Q Oh, you presented a great many reasons.

A Not very many.

Q Yes, you have presented a great many. In fact they consume several pages, don't they? Don't you start with your reasons on page 11 and 12 and go over to page 17 before you arrive at the figure?

BY MR. COHEN: The witness is talking of his reason for selecting the year 1939.

BY MR. FORSYTH: I think we will get along very well if you let the witness tell me what he is talking about.

BY MR. COHEN: I think we will get along very well if I make an observation when I think it is important.

BY MR. FORSYTH: Well, there you are. It is a difference of opinion between yourself and myself, Mr. Cohen.

BY MR. COHEN: Just the competitive system.

BY MR. FORSYTH: Now, Mr. Wade, settle this important question between Mr. Cohen and myself. What are you talking about?

MR. WADE: Well, now, Mr. Forsyth, in connection with what?

BY MR. FORSYTH: You heard what Mr. Cohen said. Clear the situation up for us.

BY THE CHAIRMAN: Leave Mr. Cohen out of it.

BY MR. FORSYTH: I try to keep Mr. Cohen out but he won't stay out. Now, Mr. Wade, perhaps we will get back. You gave your reasons for adopting 1939 and the reasons were that you had the figure for the coal consumption of 1939, the number of people employed in non-agricultural pursuits, and 1939 was not a war year with the disturbing factors that the war years present. Is that a fair summary of them?

A Yes.

Q But you didn't take the trouble to go back of 1939 to any other year and see what the factor involved was there?

A No.

Q Well, now then, suppose you take the year 1911, and you know where I got my figures from, that is from that Year Book, and following the method which I described to you a few moments ago and which for the purpose of the record I will state now, I took in 1911 the total of all occupations, male, shown on page 1066, and added to that the total of all occupations, female, and subtracted from the total thus established the number of persons, male and female, stated by the table to have been engaged in agriculture. You saw me doing that, and I give you the figure of persons employed in non-agricultural pursuits in 1911 as 1,789,899. You would not have any quarrel with that, I suppose? Or would you like to check the figure?

A No, in a sense I would and in a sense I wouldn't. Presumably you are comparing the figures taken from the census

with that figure presented in that document.

BY MR. FRAWLEY: Which document?

A The Dominion-Provincial conference thing.

BY MR. COHEN: I understand the witness is not disagreeing with the arithmetic.

A Oh no. I wonder are the census figures comparable with those figures drawn up and adopted; I don't know.

BY MR. FORSYTH: Well, you know this, that you and I compared the figures in 1941 from the census and from what you refer to as "that document", the dominion-provincial conference on reconstruction, page 104, and we found that my figures for the year 1941 compiled from the Year Book were within 23,000 of the figure given in the dominion-provincial conference?

A I know, but I have run across some even more peculiar coincidences when it comes to statistics.

Q Don't, for goodness sake, give me the history of your research when I ask you this question as to whether you and I didn't compare those figures.

A Yes, right.

Q And found there was a variation of 23,000 between the two documents?

A That's right.

Q At any rate I suppose you will agree with this, Mr. Wade, that both figures are official?

A Yes.

Q And then if I tell you that the total consumption of coal in Canada in 1911 was 24,247,698 tons would you have any disagreement with that?

A 1911?

Q Yes?

A Well, I am willing to accept that.

Q And that that shows that per person employed in non-agricultural pursuits the amount involved was 13.6 tons?

A I can't accept that 13.6 tons as being accurate because I don't know whether the phrase "non-agricultural industry"

used in the census and used in the dominion-provincial document refers to the same classification; I don't know.

Q But you know that I am using official figures?

A Oh yes.

Q And you won't doubt this, will you, that if you exclude anthracite and lignite from the 1911 figures you get a total of bituminous coal consumed in Canada of 20,227,121?

A No, I won't question that.

Q Now your figure on page 19, when you get talking about bituminous coal, showed that your formula was based upon 9.5 tons per person employed in non-agricultural industry?

A Yes.

Q Now, taking my figure for the persons employed in non-agricultural industry in 1911 and my figure for the bituminous coal consumed, you will find that the factor from the formula there is 11.3?

BY MR. COHEN: Just so that we can be clear: the employment figure is that mentioned earlier?

BY MR. FORSYTH: The employment figure is that which I have had to create for myself because Mr. Wade didn't examine it.

BY MR. COHEN: Is there any question as to the figure with respect to the consumption of bituminous? I merely ask that.

BY MR. FORSYTH: If Mr. Wade wants to dispute this, here is a man who has been studying this thing for a long time and comes forward with a formula.

BY MR. COHEN: My friend has said "my figure as to employment" and "my figure as to bituminous". My friend has indicated his figure as to employment and surely he can indicate to us as to whether in any way he is taking exception to the figure indicated on page 19 with respect to bituminous.

BY MR. FORSYTH: I hope you understand that in the last few words I have been talking about the year 1911 and not about the year 1939?

MR. WADE: Yes.

Q And you have not given me any bituminous figure or any other figure for the year 1911, have you?

A No.

Q And I have given you one in which I say that the bituminous consumption in Canada in 1911 was 20,227,121. Now I say do you challenge that figure or do you want to examine it before you accept it?

A I don't think I need challenge it. Would you mind saying where you got it from?

Q I got it from "Coal Statistics for Canada" published by the King's Printer and the Dominion Bureau of Statistics, that is where I got it.

A Would Mr. Lawson mind checking that figure? It is very easy and we could just be quite satisfied. We can go ahead, can't we?

Q I say, Mr. Wade, if you accept that figure as the bituminous consumption in Canada in 1911 and also accept the figure compiled from the official census statistics of 1,789,899 people employed in non-agricultural industry in Canada in 1911, you will find that the tons of coal consumed per person employed in those pursuits was 11.3 tons per person.

A Well, Mr. Forsyth, so that we can progress I will tentatively assume, for the sake of discussion, that that figure of 1,789,899 is comparable with the figure of 2,367,000. Now could we proceed from that point? That is a tentative assumption to enable us to carry on.

Q Well now, if you do assume that tentatively would you like to check my arithmetic in arriving at the 11.3 tons?

A Oh no.

Q Well, that shows then that you have got a variation in the factor upon which you predicate production of 1.8 tons per person?

A Yes.

Q And that in turn applied to ---

DR. HOWLAND: Those figures are correct, Mr. Wade.

BY MR. FORSYTH: If you apply 11.3 to the number of persons employed in non-agricultural pursuits in 1939 you will find that the country should have consumed, if the formula is a sound one, a great deal more bituminous coal than it did?

A If we use the figure of 11.3?

Q Yes, instead of 9.5.

BY COMMISSIONER MORRISON: It indicates that we made progress in learning how to burn coal.

BY MR. FORSYTH: It indicates a lot of things, and a lot of things that people who gave a profound study to this thing should have taken into consideration, but which apparently they have not. It would indicate that our coal requirements in 1939 should have been more than they actually were?

A Should have been?

Q I say if your formula is a sound one, that's all.

A This formula is not a formula that is necessarily applicable to the next 50 years. You have taken a period here of 34 years. Now we are dealing with this thing in shorter periods of time than that.

Q Yes, all right, say anything you like about it. What you did, Mr. Wade, as a matter of fact, was to take one year, the year 1939, and on that you proceeded to lay down a formula upon which you said the coal needs of Canada must be determined, isn't that right?

A And we took that one year because it seemed to be a conservative year to take, conservative in the sense that we felt we were probably understating coal needs rather than overstating them.

Q But doesn't it flow from what I have said, if you tentatively accept my figures, that your whole basic formula is irrelevant?

A Not to my mind.

Q Well, if you get 1,789,899 people using 11.3 tons and 2,367,000 using 9.5 tons per person, doesn't it seem to

indicate that there is not any even nearly absolute relation between bituminous coal consumption and the persons employed in industry?

A No, I don't think that is the conclusion at all. I think that the fact that those two figures, the 1911 figure and our figure, are as close as they are would suggest the correctness of our method.

Q All right. Well then, if you take the figure of 11.3--let's take the figures of 1931, which we have here, and I take it you will grant me the same assumptions that we were assuming before, that is that my figures are reasonably approximate to yours?

A Yes, but I am not granting the assumption that those figures for non-agricultural employment that you are taking from the census figures are comparable with our figure of 2,367,000.

Q If you are not prepared to grant me that I want you to bring forward to me--and I will ask the Commission to instruct you to--some figures that you will grant are comparable.

BY THE CHAIRMAN: In some other year, you mean?

BY MR. FORSYTH: Yes. Here is a man who comes here and says,

"I have made a great study of this thing and I have taken the year 1939 and I have established a formula from that upon which I am asking this Commission to make some recommendation to the Government of Canada based upon a required consumption of $40\frac{1}{2}$ million tons of coal in the year 1946, in the immediate post war years." And he says, "I took 1939 because it seemed to me to be a conservative year."

Now I am trying to find out, and I gave him warning of it yesterday, I said, "I will want to see the table, I will want to see where you got your figures, because I will want to test your formula," and that is what I was told yesterday, "We will just leave that till later," and later never came. I say I am entitled to have Mr. Wade defend his formula and show me the source from which he got his information.

BY THE CHAIRMAN: Well, he has given you the source, hasn't he?

BY MR. FORSYTH: This was not the sort of thing he described to me yesterday as where he got that information, but Mr. Cohen came in today and suggested that he got it from this ---

BY THE CHAIRMAN: Well, suppose we accept your figures that Mr. Wade doesn't seem to accept. Suppose we accept your figures, then we will be in a position to decide the matter.

BY MR. FORSYTH: Yes. Of course you see if this board is going to make recommendations I don't think they should be left in the sort of mental vacuum that is created by Mr. Wade having given you figures which are possibly wrong, and my having given you figures which he, who has made a special study of it, won't accept.

MR. WADE: The matter can be cleared up by reference to the D.B.S. We can ask them if they can provide us with figures that are comparable with those in the dominion-provincial conference document.

BY THE CHAIRMAN: Why did you go to that document rather than to the official statistics?

MR. WADE: Those are D.B.S. figures, Mr. Chairman, just reproduced in that volume.

BY MR. FORSYTH: The difficulty about this thing is, these figures were prepared and used no doubt for the purpose of predicated an estimate of the man-power or the job requirements following 1939 and nobody had any interest in going back of 1939 for that purpose, but when you are going to establish a formula of coal consumption, if you are going to take the figure of persons employed in industry then you have got to test it some other way than simply by picking out 1939.

BY THE CHAIRMAN: You have tested it and found that on the formula he laid down on the figures of 1939 that the thing didn't work out?

BY MR. COHEN: 1911.

BY THE CHAIRMAN: You mentioned 1926, didn't you?

BY MR. FORSYTH: Now I am mentioning 1931 and on applying it in 1931 I find that the figures of total coal consumption in bituminous was 8.75 tons per person employed in non-agricultural industry. Now of course if anything like the same ratio applied, and I can't say that it does, but if you discount that by say 25 or 20% then you are away down below the 9.50 figure.

BY THE CHAIRMAN: That is what I say. If we accept your figures, and as far as I am concerned I am prepared to accept them, then it indicates that the formula as proposed by Mr. Wade falls to the ground.

BY MR. FORSYTH: Now of course the thing about it is that if this formula falls to the ground then the whole thing falls to the ground. That is why I want to give Mr. Wade every opportunity to defend his formula.

BY MR. COHEN: My friend in dealing with the matter might call the attention of the Commission to the table that appears at the end of the brief which indicates the diminishing per capita consumption, beginning with the year 1926 and ending with the year 1939.

BY MR. FORSYTH: I intend to do that in God's good time. I shall call that to the attention of the Commission.

BY MR. COHEN: Each year has its own variation.

BY MR. FORSYTH: Of course it has. Now, Mr. Wade, now that the counsel for the union has introduced the subject of per capita consumption, what do you think of per capita consumption as a formula for predicating future requirements?

MR. WADE: You mean in the manner that we have predicated it?

Q I don't mean with the result that you have predicated, but for the purposes that you have predicated it?

A It seems to me that for a long-run period of 50 years obviously any method of forecasting, I don't care what it is, may well be less accurate than for a period of let us say 15 years. There is no question in my mind that in view of the fact that we are dealing with the more or less immediate

post war period--I am not considering a great world upheaval or national upheaval--that the method of prognostication that we have used is as sound a method as we can use.

BY THE CHAIRMAN: Is that the proper word? "Prognostication" only refers to weather.

BY MR. COHEN: Sometimes whether or not.

BY MR. FORSYTH: I was asking you a question and probably I didn't make it clear. Your counsel referred to a table in the back of the brief. Now the per capita consumption figures in that table haven't any direct relation with the per capita figures that you have just finished talking about, have they?

A I would anticipate that the per capita consumption derived from gainfully employed non-agricultural industries would coincide pretty well with the per capita consumption of all gainfully employed.

Q Well, all I was trying to find out, and I still probably am not making myself very clear, is whether this per capita consumption which in the table attached to your brief is shown in 1939 to have been 2.604 tons, is that right?

A Yes.

Q Whether that had any direct relation with the figure of 12.45 tons that is mentioned in your brief?

A One is per capita, that is men, women and children; the other is gainfully employed in non-agricultural industry.

Q Exactly. And it is a fact, is it not, Mr. Wade, that the per capita consumption of coal in Canada in the 13 years between 1926 and 1939, or the 14 years, has not shown an increase?

A Right.

Q In fact, the reverse is the case, isn't it?

A Yes.

Q Now do you know what the world consumption per capita has shown in the period between 1913 and 1939?

A Between 1913 and 1939, no.

Q Well, I state to you that in 1913 per capita consumption of coal for the whole world was 7/10 of a ton and that in 1939 it was $\frac{1}{2}$ ton.

A I would suggest, Mr. Forsyth, that no inference is to be drawn from that.

Q Well, I should suggest this inference is to be drawn, that 1/5 of a ton per head of population less is used in 1939 than in 1913. That inference is to be drawn from it, isn't it?

A Well, let us proceed, Mr. Forsyth.

Q Is that inference to be drawn from it?

A Yes. I was merely trying to suggest that I am most concerned here with not the accuracy of the particular figures but the causes that lie behind them, what do they reflect? They reflect a number of things, as you well know, and I suggest that as far as the figures from 1926 to 1939, they reflect very largely the mass unemployment throughout the world and the mass unemployment in Canada.

Q I would like to ask you if you think in the year 1939 there was mass unemployment in Canada?

A Yes. Well, there was very significant unemployment in Canada.

Q As between 1939 and 1913 what would you say?

A I would not trust my memory of the situation in 1913. The situation would hardly be comparable anyway because Canada was not an industrialized nation in 1913.

Q When did it become an industrialized nation?

A Well, like most other nations it has become industrialized in spurts. There was a spurt during the last war, there was a spurt in the twenties, and there has been another spurt in this war.

Q I see. Well, is there any year in the period between 1926 and 1939 when you would say that there was not mass unemployment in Canada?

A Yes, I would select the years 1926 to 1929, when the per capita consumption rose.

- Q Well, would you suggest that the employment in Canada was greater in 1929 than it was in 1939?
- A Unemployment would be greater in 1939 than in 1929.
- Q Unemployment would be greater?
- A I think.
- Q On what do you base that? Because the per capita consumption of coal was lower?
- A I don't understand your question.
- Q I say on what do you base the statement or the thought that there was more unemployment in Canada in 1939 than in 1929?
- A It is just a question of memory. We can easily check the figures.
- Q Would it be your memory that there was more unemployment in 1935 than in 1939?
- A More unemployment, very definitely. After all, Mr. Forsyth, you know that the curve of employment went up gradually rose from 1933 onwards. We don't need to go into each year.
- Q Do you say that it gradually descended from 1933 to 1926?
- A Oh no. It ascended to 1929 and then descended to 1933 and then there was a gradual rise.
- Q Well, as between 1937 and 1939?
- A As far as I recall there was a bad recession in 1938.
- Q Well now, I asked you about 1937 and 1939, as between those two years?
- A 1937 and 1939, what are you asking me about them?
- Q Well, you undertook to answer me.
- A Did I?
- Q What I was asking you about was your recollection as to the unemployment condition in 1937 as compared with that in 1939?
- A Before I answer that I must say I think it is unsatisfactory to everybody for you to ask me my recollections, because my recollections may be seriously at fault. Do you really wish to have my recollection on that?
- Q I do.

A My recollection would be that there would be more unemployment in 1937 than there was in 1939.

Q I see. All right. Now let's go back to the formula of 9.5 tons per person employed in non-agricultural pursuits. You are satisfied, I take it from the statement made here, that the coal question in Canada must be determined upon that basis?

A We are suggesting to the Commission that it is essential for the purpose of their work, in order to perform their function properly, that they must estimate Canada's post war needs in coal, and we are offering to the Commission a method which in our opinion is probably as reliable a method as can possibly be devised, and we are suggesting that here is a method of estimating our coal needs.

BY COMMISSIONER MORRISON: The best you could devise?

A And we do not think it would actually be found, if any other method were used, it would arrive at a different order of figures than the ones quoted here.

Q I see. So that your statement that it must be determined upon that basis was not intended to be imperative?

A Right.

BY MR. COHEN: My friend surely wants the whole of the paragraph read.

BY MR. FORSYTH: It has been read.

BY MR. COHEN: I mean in the course of the question. The basis referred to is that of using anticipated full employment as a basis for trying to determine Canada's coal requirements. Mr. Wade has followed a certain method. If that method is wrong, and my friend can indicate a better one it will be welcome, but the basis is that of full employment, that is the basis, and whether that basis will yield precisely $40\frac{1}{2}$ million tons, assuming the calculation indicated by Mr. Wade to be correct as a matter of argument, and if there is any other calculation that can be put forward by evidence it can be put forward.

BY THE CHAIRMAN: I think that is what Mr. Forsyth is trying to do.

BY MR. COHEN: Except that my friend refers to the fact that the basis refers to $40\frac{1}{2}$ million tons.

BY MR. FORSYTH: When a statement is made here and it is reflected right through the brief that that is the basis upon which the Commission should consider the matter ---

BY MR. COHEN: Clear indication is given that it should base the test upon the estimates publicly made and announced by the dominion government, and elsewhere in the brief it is made clear that to do anything else would be a matter of inconsistency between one public body and another; that if in fact the government of Canada estimates that there will be employed 3,267,000 in non-agricultural employment, then necessarily the recommendations of this Commission must be related to that estimate. Now whether that means $40\frac{1}{2}$ million tons or not is a matter ---

BY THE CHAIRMAN: I don't see why you interrupted at that stage. The gentleman who is giving this brief has been explaining it to us and he has been called upon for a further explanation and I think the Commission is entitled to that and I think Mr. Forsyth was certainly justified in asking the question. It is for him to answer.

BY MR. FORSYTH: The point that I was making when my learned friend came in with his explanation of it was that the words that were used on page 17 appeared to me to leave very little room for speculation, but they seemed to be imperative. It seemed to me to say that there isn't any alternative determination of the coal question in Canada but to accept the basis that I have laid down here. Now if Mr. Wade didn't mean that then of course he didn't mean it, and if Mr. Wade wants to say now that he didn't mean that I am perfectly willing for him to say it.

BY THE CHAIRMAN: Proceed with the examination.

BY MR. COHEN: I just indicated that the answer is clearly there on page 15.

BY THE CHAIRMAN: It is not a question of whether it is there or not. This gentleman is on the stand and he is subject to cross-examination and it is not for you to, I am sorry to say, for you to answer the question or help him out.

BY MR. COHEN: I am not helping him out.

BY THE CHAIRMAN: Just one moment. You have the right, when Mr. Forsyth is through, to re-examine this witness, but for the time it is Mr. Forsyth's time and you will kindly now allow him to proceed with the examination.

BY MR. COHEN: I am merely indicating that that is based ---

BY THE CHAIRMAN: I know the brief as well as you do.

BY MR. COHEN: If you would prefer us to go over this later ---

BY THE CHAIRMAN: For the time being this witness is in the hands of Mr. Forsyth. It is not for you to answer. You are not giving evidence.

BY MR. COHEN: I can ask the Court to indicate to the witness the statements --

BY THE CHAIRMAN: You have no right to do it, as counsel, to indicate where the answer is. Go ahead, Mr. Forsyth.

BY MR. COHEN: I am suggesting two statements that should be indicated to the witness.

BY THE CHAIRMAN: The witness knows as well as anybody if the answers are there.

BY MR. COHEN: I don't know if he does or not.

BY THE CHAIRMAN: Then you have no right to instruct him.

BY MR. COHEN: I am not instructing him.

BY THE CHAIRMAN: Well, you are attempting to.

BY MR. COHEN: I am drawing this to the attention of the Commission.

BY THE CHAIRMAN: Will you please sit down? Go ahead, Mr. Forsyth.

BY MR. FORSYTH: The words that you used on page 17 conveyed to me the idea that the Commission must determine the coal question, or that their recommendations must relate to a determination of the coal question upon that basis, which I take to mean the basis established by the paragraph beginning "In the year 1939 the number of persons employed in non-agricultural industries was 2,367,000" and so on; I am not going to read it all, but it seems to me that the words "that basis" must refer to that sentence immediately preceding them. Now do you say that it doesn't?

A I think, Mr. Forsyth, that it refers, as Mr. Cohen has pointed out--I first of all admit ambiguity.

Q I want you to answer my question. Do the words "that basis" refer to that sentence or not?

A The words "that basis" refer to an order of figures of 40½ million, and implied in that figure and the method we have used, implied in that is of course the fact that the federal government has made proposals for employment ---

Q Accepting the federal government's figures of the persons you want to employ, look at the words "that basis" on page 17 and tell me, yes or no, do they refer to the statement immediately preceding them which begins with the words "In the year 1939." Now answer that question yes or no.

A I have answered your question, Mr. Forsyth. I said it refers to that paragraph in which the sentence appears, but that paragraph cannot be taken out of context; it must be read in the light of our reference to federal government proposals.

Q I am not asking you to pick it out of the context, but that paragraph has a conclusion, hasn't it?

A Yes.

Q Over 40½ million tons are going to be required, based upon the formula which you have established by exposition and argument in the pages immediately preceding?

A Yes.

Q And after having said in conclusion that $40\frac{1}{2}$ million tons of coal per year were arrived at upon the basis of that formula, you say to this Commission: "The coal question in Canada must be determined upon that basis." That's right, isn't it?

A Whatever those words may say, Mr. Forsyth, reading them literally, it was not intended to say to the Commission that the coal problem must be determined upon the basis of this method of calculating tonnage.

BY COMMISSIONER McLAURIN: Not coal question, coal consumption.

BY MR. FORSYTH: Well, "the coal question" is the word he used.

Well then, if you say that, you say "This is the best way we can get at"?

A Right.

Q And this is the way we recommend you to consider it?

A Right.

Q But if our formula has any holes in it then of course you will have to find another one?

A Right.

Q Now then, on page 21 after a review of the anticipated coal needs of the country in which you arrive at the conclusion that Nova Scotia and New Brunswick combined should produce annually some 10,026,072 tons, you equate that in terms of 2.04 tons per man per day on 265 shifts, or 2.26 tons on the basis of 239 shifts? Am I right?

A Right.

Q Now you say: "We have no hesitation in stating that this production can be achieved if the industry directly, or some agency of the government will introduce the measures and conduct the Maritime industry upon the basis, which we will now outline." Now you are satisfied of that? There isn't any doubt you can get that production if you can get all those things done that you want done?

A Yes.

Q And I suppose you would be equally positive in saying you couldn't get that production if you didn't get them done?

A Yes.

Q Now these things that you have to get done involve the supply of a great deal of what you call capital?

A Yes.

Q Which after all means money or money's worth put into that industry?

A Yes.

Q It also involves a large increase in wages? Or perhaps not large, perhaps only a small increase in wages?

A To what are you referring there, Mr. Forsyth?

Q You know this brief in a great many places refers to sub-standard and inadequate wages that those men have been receiving over a period of years, and I think you have suggested that they have got to get adequate wages, and I want to explore that.

BY COMMISSIONER MORRISON: You have no quarrel with a man getting adequate wages?

BY MR. FORSYTH: Not a bit, but I have an inquiring mind and I want to find out what adequate wages are and I think I have the man here who can tell me.

A Well, Mr. Forsyth, in any industry the real income of the workers must increase as the national income increases, but we are not making any specific reference in this brief to wage increases as part of the programme of reconstruction.

Q Of course the position which you take that only a national agency can achieve these desirable things has been modified to some extent by a suggestion in certain quarters that somebody else might be given a chance to do it? Now I am trying to find out what the things are that one would have to do, and one of them is, as you state on page 71: "The producer would be assured of proper social standards, adequate wages, security and real participation in social production in a great and vital industry," but we don't need to go just

that far. Now you have suggested or you have stated to me that unless the measures that you propose here are not introduced, and unless the industry in the Maritimes is not conducted upon that basis, you cannot get the production of 2.26 tons per man day on 239 shifts or 2.04 on 265?

A Yes.

Q Now have you made any calculation as to the amount of money that would have to be put into the business by the way of capital?

A No.

Q Not any?

A We have not the available technical information to make a reasonably correct estimate.

Q But no matter how much it is it has got to be put in, is that right?

A Yes.

Q So that whatever the limits are that amount has got to be put in to get that production, is that right?

A That is a very dogmatic statement.

Q Well, a rather sweeping one, I admit.

A One can reduce things to absurdities. The question of the cost of reconstructing the industry is a factor to be considered, and it is a matter of nice balancing. Now clearly if it involved putting in two years of Canada's national income in order to reconstruct the industry one would have to pause and seriously consider the matter.

Q You wouldn't do any more than pause? You wouldn't back up?

A I would just pause.

Q Tell me, is there nothing short of two years of the national income that would make you pause?

A Well, Mr. Forsyth, you are not tying me down to a figure.

Q I certainly am not, but I am tying you down to this, I hope, that whatever the figure is to provide all the things that you want and the adoption of all those measures, no

matter how much it is it has got to be put up or you can't get the production? You will accept that, will you?

A Yes.

Q Now then, Mr. Wade, I am not going to enumerate all those things that you say should be done, but what I am going to ask you is this: none of them were done in 1940, were they?

A You are referring now to page ?

Q No, I am not referring now to any page. I am referring to 1940, to the year 1940.

A Well, in what connection?

Q Well, I say none of those measures whose adoption you are now proposing were in effect in the collieries of Nova Scotia or New Brunswick in 1940?

A The measures you are referring to are those set out on pages 69 and 70?

Q The measures I am referring to are those, the ones to which you referred on page 21 when you said, "If the industry directly, or some agency of the government will introduce the measures and conduct the Maritime industry upon the basis which we will now outline." Those are the ones I am talking about. Were any of them in effect in the year 1940?

A Those measures are set out in a specific manner on pages 69 to 70.

Q All right, if you say so.

BY COMMISSIONER MORRISON: Page 71.

BY MR. FORSYTH: Those are the things they would accomplish, but the measures are the ones that begin on page 69 and end at the top of page 71.

(Page 3626 follows)

Q. As I recall the question I asked if any of the measures to which you refer on page 21 of your brief in the words that I read to you, were in force or effective in the collieries of Nova Scotia and New Brunswick in the year 1940?

A. No.

Q. And they were not in force prior to 1940, so far as you know, were they?

A. Well Mr. Forsythe that is not a question that can be answered yes or no. For example we have reference here to experiments with mechanical loading. It is perfectly true that there has been a small measure of that.

Q. But it didn't improve production very much?

A. I would not call it aggressive experimentation.

Q. Let us leave out for a moment experimentation, because I guess you and I would have to agree that no experimentation would be a great factor in increasing production until you get to the end of the experiment and decide to do something about it. So leave aside the experimentation. All the defects that your measures were to remedy were rampant in 1940 and the years previous?

A. All the defects which were now proposed should be remedied in this way, were rampant in 1939 you say?

Q. Well that is previous to 1940?

Q. Things have a way of getting a cumulative fact, and the facts of 1935 may be different from 1945.

Q. But the fact remains, does it not, Mr. Wade, that without the introduction of the measures which you suggest, and without the Maritime industry being conducted upon the basis which you at page 21 propose to outline, with the indifferent (as you say) management, and without all the things which you say should be provided for this industry, they notwithstanding did get a production of 2.38 tons per man in 1937, did they not?

A. Yes, I accept that figure.

Q. And in 1938, 2.33 tons?

A. Well my figure is 2.22.

Q. In 1938?

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C. B. Wade

A. Yes.

Q. What is your figure in 1939?

A. 2.28.

Q. And your figure in 1940?

A. I have not that figure.

Q. The figures which I have are: 1937, 2.38; 1938, 2.33; 1939, 2.41; and 1940, 2.37, and I am not asking you to accept those as against the figures you have there yourself. But whether you take my figures, or whether you take yours, it does appear that for those four years that I refer to, a production of 2.26 tons was possible of achievement without any of the measures which you suggest should be introduced, and taking the industry upon a basis other than the one that you outlined. Is that right?

A. It was achieved at a cost to the men and at a cost to the Province. In other words, at a social cost which in our opinion simply cannot be repeated.

Q. Who is paying the social cost right now for the production of 1.54 tons per man per day? Who is paying the social cost for that? That involves a social cost I suppose?

A. The people that usually pay the social costs of things. The populace, or people generally.

Q. But there is a social cost involved in that reduction from 2.41 in 1939 to 1.54 in 1945, is there not?

A. Yes.

Q. And it is being paid by the same people?

A. Yes.

Q. Now at page 20 of your brief you have established the theoretical required remedy for post-war production. Production from Nova Scotia mines in the immediate post-war period at 9,393,021 tons. Is that correct?

A. Yes.

Q. Now have you made any attempt to formulate ideas as to who would buy that coal and how much it would cost them?

A. Yes, we have attempted to formulate such ideas.

Q. Where did you put them?

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A. In so doing we have relied to some extent on the ideas of the Provincial Government of Nova Scotia as far as markets are concerned, that is to say geographical markets. As far as particular markets within each geographical area such as Ontario, etc., we have made definite suggestions in our brief as to how the necessary markets can be developed.

Q. Would you mind, I don't want to mis-quote your brief, but I understood you to say that one of them was by selling stokers. Is that right?

A. Well, installing stokers.

Q. That was one thing, and the other was treating the coal in some special way?

A. Our suggestions were that in view of the fact that so much of the combustion equipment in Ontario and Quebec is not suitable to our coals, that consumers, domestic and industrial, should be assisted financially if necessary to switch over.

Q. Who is going to do the financial assistance?

A. We suggested the industry in exactly the same manner as the Oil Companies financed the installation of oil burning equipment.

Q. And the industry I suppose will add the cost of this service to their coal cost?

A. I don't know that any significant cost is involved.

Q. You have never been in the stoker business?

A. No.

Q. And I don't suppose took the trouble to inquire very much about the conduct of that business?

A. No.

Q. Did it ever occur to you that there may be something in this, that when you come to sell oil burning equipment that you are approaching a person who wants to use that product? Did that ever occur to you?

A. Oh yes.

Q. And that when you are trying to sell coal of high cost and possibly indifferent quality, and you try to sell a man a stoker to use it with, you may meet with a little more sales resistance.

A. We might well.

Q. That would not deter you from suggesting that someone else should do it?

A. It has no bearing on the validity of our suggestion.

Q. It might have some bearing on the effectiveness of its result?

A. In a sense that the plan followed by the Oil Companies might not be quite as successful if followed by the coal industry.

Q. Where would you put the 9,393,021 tons of coal?

A. In geographical markets?

A. Yes?

A. I think the best thing is to use the figures used by the Provincial Government.

Q. Did you investigate it any further, or just take their figures and say they were good enough.

A. No, we checked them up with what had been done in the past.

Q. Did you ever find that nine million tons had moved out in the markets you speak of, in the past?

A. No.

Q. Did you ever compare the cost of the coal in the past with the cost today?

A. Yes.

Q. What did you find?

A. On the assumption that the figures we have are correct, the figure is around \$3.00.

Q. \$3.00 a ton. How far back in the past did you go?

A. Do you mean in quoting that particular figure?

Q. That must be a difference in the cost between sometime and sometime?

A. Speaking from memory, some time in the late /30's. I am speaking entirely from memory.

Q. What is the greatest tonnage of coal that ever moved out of these mines in Nova Scotia, and in what year?

A. I don't like quoting figures from memory. If you want a figure of that kind which is easily ascertained, let us get it.

Q. The only answer to that is "I don't know", is it not?

A. If you like, I don't know. I don't see that asking such a question is either useful to you or to the Commission.

A. I am absolutely indifferent to your criticism of the usefulness of my question. If I ask you a question and you don't know the answer, just say "I don't know", don't criticize me about it.

BY THE CHAIRMAN - You are not suggesting that he should answer that way?

MR. FORSYTHE - I am just suggesting that if he does not know, he say so.

BY THE CHAIRMAN - I am suggesting that he gave you a good answer to that, that is, he didn't have the figures.

EXM. OF MR. WADE BY MR. FORSYTHE (continued)

Q. Would you mind indicating to me where in your brief, if it appears there, you were going to place the nine million tons?

A. We didn't consider it would be very useful to the Commission for us to repeat the information contained in the submissions of the Dominion Coal Company and in the submission of the Provincial Government. They show very clearly the markets that can be expected, and presumably that is based on expert information and knowledge of those markets.

Q. That production of coal you say would require 17,362 workers?

A. Given a certain angle of tonnage.

Q. I am using your own figures "a production of 9,393,021 tons would require 17,362 workers. "

BY THE CHAIRMAN - Did the Dominion Coal Company's brief, or the other briefs, make any suggestions as to what the marketable output should be to make this situation an economic one?

BY MR. FORSYTHE - Eight million tons. (Dr. Gray)

BY MR. FRANKLEY - And Dr. Cameron put another million one.

MR. FORSYTHE - And then Mr. Wade put another million in.

MR. WADE - Our figure is nine million for Nova Scotia, and ten million for the Maritimes.

BY COMMISSIONER MORRISON - He will get a million from New Brunswick half a million at Minto.

MR. FORSYTHE - He says six hundred and thirty three thousand here.

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C. B. Wade

BY COMMISSIONER McLaurin - Gray was speaking of potential capacity; no relation to markets.

MR. FORSYTHE - He was not saying it was a marketable tonnage.

BY COMMISSIONER McLaurin - Dr. Gray gave evidence.

MR. FORSYTHE - Here is the statement made by the Sales Department of Dominion Steel & Coal, on the premise that the annual output was $6\frac{1}{2}$ to 7 million tons - "then it is clearly evident that anywhere up to 2 million tons must go to Ontario".

BY MR. WADE - Is that $6\frac{1}{2}$ million tons from Dominion Coal Company, or Nova Scotia?

BY THE CHAIRMAN - I think from Nova Scotia.

BY MR. MacLANDERS - Dominion and associated companies.

BY THE CHAIRMAN - There is another million tons I suppose produced in this province?

MR. WADE - That is right.

BY COMMISSIONER MORRISON - There is only a million between them.

EXM. OF MR. WADE BY MR. FORSYTHE (continued)

Q. I want to ask Mr. Wade this. On this number of workers required in the Nova Scotia mines, 17,362, is that on the basis of the 2.04 and the 2.26 tons per man day?

A. On the basis of 541 tons a year.

Q. That is 2.26 on the 239 shifts?

A. Yes.

Q. So that is your proposed ton per man day output after you have obtained all this assistance?

A. Oh no, no, Mr. Forsythe. As I think I pointed out yesterday in reading this brief, those figures are presented for the purpose of illustration, and if we had such and such a production we would require so many men. Obviously with a programme of mechanical loading and other things, it might well be that that figure would be jacked up to 3 tons.

Q. But only a short time ago you told me unless all these measures were produced, you could not get the production up to 2.26.

A. Well that is not saying we cannot get it up to that.

Q. But if you are going to get it that far you have to have all these things you say?

A. Yes.

Q. And you can give us no promise that you will get beyond that?

A. No.

Q. Now what did you mean on page 23 when you say: "The trend of thought exists that would suggest that if Canada cannot supply all her needs then there is little point in worrying about dependence on another nation and we might as well let only commercial considerations rule and treat coal as one would a commodity such as pulp magazines or cigarette lighters." Whose trend of thought were you speaking about there?

A. Well in reading through the evidence of the Commission Hearings across the country there have been observations from time to time by different individuals, I cannot recall who they were, that disagrees entirely that Canada should maintain an estimated quantity of domestic coal. They say if we could supply 100% of our needs, they would agree.

Q. You didn't discover another such trend of thought down in this neighborhood?

A. No. I may have heard it suggested.

Q. How do you treat pulp magazines and cigarette lighters?

A. You mean when I use them?

Q. I am talking of your brief.

A. Well with pulp magazines, Mr. Forsythe, you do not attempt to secure a supply of them, you don't attempt to locate their distribution, and when I say you I am referring to the nation, the nation does not concern itself with their quality. In fact the nation is doubtless uninterested in whether Canadians have pulp magazines or whether they do not.

Q. I was going to make a suggestion of their use that I am not going to make. But what I wanted to know was, you didn't pick out pulp magazines or cigarette lighters as being more abused by commercial practice than any other commodity?

A. They were picked out because they seemed the commodities that

one could contract with a vital necessity such as coal.

Q. There are a lot of others, I suppose?

A. Yes. I might mention, Mr. Forsythe, that that is the whole point, that after all our whole argument is based on the fact that we require special treatment for coal because there is a big distinction between a national necessity, basic social need, and something that is not needed.

Q. You don't put that forward as a new thought, do you?

A. I am far too modest for that.

Q. I don't know that I would brag about that. I just asked you if you put it forward as a new thought?

A. No.

Q. The Government of this country has recognized that coal had to be assisted, I suppose for some reason or other, and I always suspected because it was a commodity of national importance.

A. The Government has not recognized today that not only coal must be assisted, but the people who use the coal, and the taxpayer who pays for the assistance.

Q. Are not the consumers assisted when the freighting of the coal to them is assisted?

A. They are not assisted in the number of ways they should be assisted.

Q. Then it is purely a question of degree so far as that is concerned?

A. What is?

Q. The relative assistance to be given to the consumer and the relative assistance to the industry?

A. No, it is not, it is a question of difference in kind.

Q. I will come to that. You say that the policy of the government up to date of assisting this industry has been a niggardly one. Is that the word you used in your brief?

A. Look Mr. Forsythe, I am going to answer that question in my own way. When I came to that word yesterday I said that was not exactly the word to use, that it was a question of difference in kind, rather than niggardly, and I wanted to withdraw that phrase.

Q. Well that phrase is withdrawn. The difference in kind is what? It comes down to this, that what you want is assistance for this industry and in a large way?

A. No, it comes down to the fact that we want assistance in contributing to a vital national need, namely the supply of coal, and that in so far as this industry must play a part in providing that coal, then and only then do we need assistance for the industry.

Q. That is putting into more words the thought that was suggested?

A. Those unspoken premises are made you know.

Q. Granted the unspoken, and the now spoken premises, what you want for the industry is assistance in a large way?

A. Assistance in a large way of a particular kind in a particular manner.

Q. Do you suggest for a moment that if the requested amount of money is forthcoming for experimenting with mechanical loading devices let us say, that the experimentation will be carried on better by the government than it would be by private enterprise?

A. Are you referring to mechanical loading anywhere?

Q. Right here?

A. No, we are suggesting that mechanical loading under the particularly circumstances of this industry, could be carried on more effectively through a government agency than by the present managers of the industry.

Q. Why is that?

A. That is, a very important factor in that situation is the present relations between the management of the industry and the men.

Q. Is that the only reason?

A. Another important factor is that if the government were to be the agency for experimenting, and continuing to in fact mechanical loading, it would be possible for the government to so arrange matters that no minority group of men would suffer by unemployment. And if there were that assurance that there was to be no unemployment, or no man would have the burden of mechanization put on his shoulders, that would make it possible to introduce mechanical loading here with the utmost rapidity.

Q. I want to ask what the policy of the Union is with respect to this mechanical loading. Is the policy of the Union unfavorable to the introduction of mechanical loading devices?

A. Under given conditions.

Q. Is the policy of the Union such that the given conditions must exist before you can even try out the mechanical loader and see what it will do?

A. Not that I know of.

Q. Do you know anything about the introduction of mechanical loading devices in any colliery in this area?

A. That is a matter of the history of at least over ten years ago I think, and I can't say I am very familiar with it.

Q. Can you tell me what the policy of the Union would be if tomorrow the Management of the Dominion Coal Company said "we would like to install for experimental purposes in a certain colliery mechanical loading devices". What would the attitude of the Union be?

A. I would say the attitude would be, what are the circumstances under which these mechanical loaders are going to be experimented with, who is going to experiment with them, and the rates of pay, and if these answers are satisfactory we will give the utmost co-operation.

Q. That is what you think the attitude should be?

A. That is to the best of my knowledge the attitude of the Union, and if you want more assurance on that, you might refer to the Executive of the Union.

Q. It has been referred to then once, but I must say not probably exactly in the terms that I use it.

A. Mr. Scott has just reminded me Mr. Forsythe, that there are certain provisions in the contract dealing with experimentation.

Q. Have you ever found Mr. Wade, that the contract was a rigid instrument so far as the conduct of the parties under it was concerned?

A. In so far as the Union-Company contract is a social document, a rigid adherence to it is almost impossible.

Q. And in so far as it is a contract made between the operators of the mine and the Union, are you prepared to say you think its terms with regard to work stoppage, etc., should be observed or not?

A. The attitude of the Union has always been a strict adherence to the contract.

Q. Have you the contract here with you Mr. Wade?

A. No, I have not. I am sorry.

Q. On page 27 of your brief you talk about - "Already it would appear from press reports, that techniques just made available to the United Nations have been developed for the production of gasoline at a price competitive with this commodity when refined from oil." Have you any idea how many units, or say gallons of gasoline a ton of coal of the average quality from this area would produce?

A. There again it is a question of memory. No. We won't get into a discussion of the usefulness of that question.

Q. Have you any idea of what the cost involved in the production of gasoline from coal, is?

A. Yes, but I am not prepared to state any figures on it.

Incidentally I want to correct that. I have no knowledge at all of the cost of producing gasoline by this new method which, I understand, has recently been obtained from Germany and the United Nations. The Chairman has pointed out that we are going to get everything on that later.

BY THE CHAIRMAN - Was it not suggested to you yesterday that the question of economics was not just what was said in your brief? Did you have a discussion with a gentleman yesterday?

A. It was so very brief, Mr. Chairman.

EXM. BY MR. FORSYTHE (continued)

Q. I want to ask you whether the production of gasoline at a price competitive with gasoline refined from oil, must not depend solely and absolutely on the cost of the coal from which you are going to produce the gasoline?

A. That question cannot be answered Mr. Forsythe, except in the

light of one's whole approach to the coal industry. Do we need Canadian coal, and if so it will cost the nation something to maintain that supply, and how much are we prepared to pay for the cost of maintaining that supply?

Q. I didn't invite that. All I said was, you are talking about competition here, the production of gasoline at a price competitive with this commodity when refined from oil.

A. That simply means at a price equal to or less.

Q. Than?

A. That this commodity when refined from oil.

Q. Does not a price "equal to" or "less" depend solely and utterly on what the cost of the coal is? The thing you start with?

A. Oh, was that your original question?

Q. I think it was.

BY THE CHAIRMAN - I think there is no doubt about that.

BY COMMISSIONER McLAURIN - Mr. Wade has not acceded to it yet.

BY THE CHAIRMAN - I think the Commission can answer that question.

BY MR. FORSYTHE - I am not asking the Commission to answer it, I am asking Mr. Wade.

BY MR. WADE - It would depend on the method used. Given the method, and a number of other things, then with the process of elimination one is left with the cost of the coal.

EXM. BY MR. FORSYTHE (continued)

Q. There are two tons of coal, one is red and the other white. The white one cost \$5.00 and the red one cost \$1.00, and here comes a man with a new technique for extracting gasoline from them, and he applies the technique to the dollar coal and to the five dollar coal and he gets 100 units of gasoline from each. Which 100 units are bound to have cost the most?

A. Well Mr. Forsythe I should say the \$5.00, for the sake of progress.

Q. Don't sacrifice any question of principle for the sake of progress. For the sake of telling me the truth about it. Which one cost the most?

A. Other things being equal?

Q. There was only one thing equal and that is the technique.

Leave out the "other things being equal" and give me a straight-forward answer to that question.

BY COMMISSIONER MORRISON - The units were equal that you extracted.

BY THE CHAIRMAN - Well really even if the witness said no, it would not make any difference with us. That is a question that we know if we have any intelligence, and I know my two colleagues have.

BY MR. WADE - I have not said no. I have no intention of saying no.

BY COMMISSIONER McLAURIN - You said yes if everything was equal.

BY MR. WADE - I really think these questions are so childish.

BY MR. FORSYTHE - I have not volunteered one word of what I thought of your behaviour here, but I have my thoughts, and I have not said one word about it. I have been too long in this profession to have Mr. Wade tell me that my questions are childish.

BY THE CHAIRMAN - You have to take these things you know.

BY MR. FORSYTHE - I can take them, but you will let me throw them back, I hope.

BY THE CHAIRMAN - One thing I will not allow in my court is for a witness and counsel to get into any argument about matters of that kind, and if a witness starts getting saucy I deal with them and I don't allow counsel to deal with them.

BY MR. FORSYTHE - The witness has withdrawn his remark, but under no circumstances would I invite you to deal with him. I withdraw the remark, and Mr. Wade can think what he likes about it so long as he does not say it.

EXM. BY MR. FORSYTHE (continued)

Q. There is another thing in your brief on page 27-A which refers to a discussion of nationalism. I want to know if you will indicate what portion of the evidence it is that indicates that nationalism...

BY THE CHAIRMAN - I think we have been given evidence, or information as to the cost of producing gasoline from coal.

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I think Mr. Frawley has the figures on that. We do not accept all the figures given to us.

BY MR. WADE - Is that the cost of the new method?

BY THE CHAIRMAN - No.

BY MR. FORSYTHE - I have my own ideas as to who would get the cheapest gasoline.

BY MR. WADE - I would like to point out that no where have we suggested that it is possible to produce gasoline more cheaply from coal than oil.

BY THE CHAIRMAN - But you made a statement that there was some new method that would be more economical.

BY MR. McLAURIN - They won't start on this coal, they will start on the lignite coal of Western Canada, cheaper to mine and better suited.

EXM. BY MR. FORSYTHE (continued)

Q. I asked Mr. Wade if he would tell me just what sort of evidence he referred to in the paragraph beginning - "In concluding this part it would seem necessary to make some comment on the question of nationalism as the evidence would indicate that this has occupied the thoughts of the Commission."

A. In reading through the mimeographed evidence you will find references here and there - question, would not the maintenance of a Canadian supply of coal be an extreme form of nationalism, etc., There are several references scattered throughout the evidence on that point, and we thought it might be useful to express our views on that matter.

Q. Then there comes also another phrase that I would like to know something about. Page 28 - "Thus measures to secure the production and sale of Canadian coal will be determined by considerations such as national defense, full employment nationally and in the coal areas together with the burning social question of the decentralization of Canadian industry." What do you mean by that phrase?

A. Well five hundred thousand or a million people in the Maritimes are burning it, and a considerable part of the Western Provinces

I understand are burning it. It is a social question because social life is very much related to the industrial life of a people and one's per capita income tends to depend on high industrialization in the different regions. That is the type of thinking we had in mind.

Q. What do you mean by "the burning social question of the decentralization of Canadian industry"? Are the proposals you make here going to decentralize any Canadian industry or have the opposite effect?

A. I said - "Thus measures to secure the production and sale of Canadian coal will be determined by considerations", and one of these considerations is the question of decentralization of Canadian industry. In other words when it is decided in what form the Canadian coal industry shall be maintained, the fact that it 's continuation will assist in the decentralization of Canadian industry is a factor to be borne in mind.

Q. Will it?

A. Certainly.

Q. How?

A. Because it will maintain a certain number of employees of the coal industry itself, and that in turn will form the basis of a given number in agriculture, and those two groups will form a group for the creation of industries in Nova Scotia.

Q. Decentralization implies that it is going to disturb something that is centralized. It is going to undo something that is done.

A. That might well be involved. It is a rather loose phrase. In this case we had rather in mind the creation of new industries in Nova Scotia rather than the curtailment of any in Central Canada.

Q. From page 32 - "There can be no question at all that if the nation during pre-war days had secured maximum continuous production for the industry - East and West - if it had enabled it to pay adequate wages and maintain decent community standards - if these things had been done it cannot be denied..." Now then what, in your opinion, are adequate wages? What is the Union's

view as to adequate wages?

A. Adequate wages have to be re-defined at intervals in terms of prices and in terms of the national outputs and services. In other words, speaking for the wage earners as a whole, adequate wages will be those wages which will remove from the market the greatest possible quantity of consumers goods in a given period.

Q. Express that in terms of dollars in relation to this industry in Nova Scotia, will you?

A. Well Mr. Forsythe I cannot possibly be expected to produce a figure as to what the Union would at this or that time consider adequate wages.

Q. You say on page 51 of your brief, you make this statement - "There can be little question that the policies and attitudes of both corporation management and union leadership and membership, have been profoundly influenced by the marginal position of the industry which has lent itself to sub-standard earnings coupled with job insecurity and chronic unemployment." What I am suggesting is that those wages which you quote, the estimated average monthly earnings which you quote from Professor Logan, you state that they are sub-standard?

A. Were and are.

Q. By how much would you have had to increase them to bring them up to standard?

A. That is indicated a little further down by reference to the Toronto Welfare Council's estimate of a minimum budget.

Q. That was in 1939, a minimum budget for a family of five was \$1,474.20, and in 1944 \$1,850.05, which is a figure it is barely possible theoretically for a datal paid man to reach today. Do you state that as a minimum figure?

A. \$1850.?

Q. Yes?

A. It is a minimum budget.

Q. The two things are quite different.

A. It is a minimum budget, and if a wage is equal to that amount it will at the same time be a minimum wage.

Q. Do you suggest that a wage equal to that budger would be an adequate minimum wage?

A. I cannot represent the Union in quoting a figure.

Q. You can come here and tell this Royal Commission that this industry does not pay adequate wages, and you have to get mismanagement out and get your government management in and have them pay adequate wages, but you can't give us, or the Commission, any idea of the money involved in that?

A. One of the reasons is that neither the industry or Government has thought it necessary to make any estimate of the cost of living in Nova Scotia coal towns. The Toronto Welfare Council thought it necessary.

Q. You are not putting that forward as a statement of fact, I hope.

A. Yes.

Q. I think you are wrong. I will suggest that the Company on at least two occasions made an estimate to ascertain the cost of living in the coal towns, and that on more than one occasion the Government has done so.

A. All I can say is that the Government has misinformed me, because I asked for those figures.

BY THE CHAIRMAN - Have you made inquiries of the Social Service Institutes in the Province, because I did belong to an organization for the assistance of dependant's of soldiers, and they gave us figures that were set up by I presume social service under the guidance of the Provincial Government, to indicate cost of living.

BY MR. WADE - Was that in recent years?

BY THE CHAIRMAN - I don't know when the thing was made, but I knew about it when it came to my notice in the last three or four years.

A. Those things have to be revised.

Q. But you made the statement that they never did it?

A. I will have to withdraw my statement.

EXM. BY MR. FORSYTHE (continued)

Q. You are not prepared to state by how much the \$1850. would have to be increased in order to pay adequate wages?

A. No, simply because I have not the data.

Q. But you have a proposal for a recommendation that the government embark upon production of nine million odd tons of coal from the Nova Scotia field, employing some seventeen thousand odd people, on a scale of remuneration different from what prevails now at any rate, have you not?

A. No, I have not said that. Suppose that prices go down in the next year.

Q. But are you willing to suppose that prices will go down in the next year?

A. I am not supposing anything. I hope the prices of many things will. The increase in productivity in Canada has been such that they should.

Q. You are not prepared to tell me that?

A. No.

Q. Another question I would like to ask you that arose out of your remark on page 32, is - you say "maintain decent community standards", and you use that with reference to the industry, "to enable it to pay adequate wages and maintain decent community standards"?

A. I am referring to the nation there, if the nation had done these things.

Q. I take it to mean "if the nation had enabled the industry"?

A. That is loose phrasing.

Q. What does it mean?

A. I had in mind that if the nation had enabled the industry to pay decent wages, and therefore the people in the communities to maintain decent community standards.

Q. You offered some comparisons yesterday between the town of Truro and the town of New Waterford. Did you ever make any investigation as to what the average wage rate was in the town of Truro in industry there?

A. In the town of Truro today?

Q. Yes, as compared with New Waterford today?

A. Yes.

Q. Did you make that study?

A. It didn't require a study. I have the figure, it is in the census return of 1941, but there again I can't quote it.

Q. Could you find it for me?

A. I can produce the document for you. The wages were higher in Truro.

Q. The average rate of industrial wages?

A. The incomes of wage earners, that would be in industry and services.

Q. Do you mean "take home pay" or "rates"?

A. It would be "take home pay". The census returns are always based on take-home-pay.

Q. But you have never compared rates, have you?

A. No, that is a big job.

Q. But this is a big job too?

A. Yes.

Q. Would you refer to page 42 Mr. Wade. You refer there - "The question then arises: is it in the national interest to exploit our best quality coals leaving the poorer grades for future generations of Canadians?" Now there is this to be said about it. I suppose that this generation is entitled to just as good coal as the next one, is it not?

A. Yes.

Q. So that there is no reason why we should exploit the poorer grades for this generation and leave the best for the next?

A. If future generations have to have a mixture of poor coal and good coal, then the present generation could have a mixture of poor coal and good coal.

Q. I should have used Mr. Wade's words of "future generations of Canadians". We are speaking of Canadians, and of future generations. You refer to the cessation of work on the Phalen and Harbor seams at Donkin, and the seams at Port Morien. What is the real story of the cessation of work at Donkin, Mr. Wade?

If you will pardon me, you talk about these communities being torn apart. Who closed the mines at Donkin?

A. Well to the best of my information Mr. Forsythe, it was the present company that closed the mine, not at Port Morien but at Donkin. Is that nit right?

Q. I understand there was a strike here in 1925 and the Donkin seam closed then, and has never started since. Is that right?

A. It would probably be more accurate to say that the present company never re-opened the mine. The mine was closed during the strike, yes.

Q. And never re-opened?

A. Yes.

BY THE CHAIRMAN - You gave as the reason that this mine was closed, that the company had found it to be poor coal.

A. The best of my information is that that was the explanation given to the Union at that time, that this coal had a high sulphur content. I have also received a letter from the company quite recently explaining to me why these seams were not being worked at Donkin, and the explanation I got is that there is an apparent tendency of these seams to deteriorate as they go East, and it was presumed that the same thing would happen there and they were not re-opened. I think in some of the Company evidence it will be found that the explanation was that it was poor quality coal.

BY MR. FORSYTHE

Q. And do you think there is anything in this, that the coal was to be won by an approach from another colliery?

A. That is certainly what is being done today. As to whether that was in the minds of the Company in 1926 when it was not re-opened, I can't say.

Q. But if the coal is coming out, it is not a very good example of failure to mine poor quality coal?

A. Certainly at that time the mine was closed, accidentally as it were, due to strike, and why it was not re-opened - on the ground of poor quality coal and not on the ground that they envisaged that ten or fifteen years later they would be taking this coal out through another mine.

Q. If you are talking about a policy of not exploiting a certain

quality of coal, and explaining about that, and saying that this has been and is now the policy followed, there can be no question. Is it not rather a poor example to take to refer to coal that actually is being extracted today?

A. No, I don't think so.

Q. What about Port Morien?

A. In this case it was different. My information is that it was closed down by some previous owner and purchased by the present company who failed to open it.

Q. Not failed to open it, they just didn't?

A. No, failed to open it.

Q. Why do you say that?

A. The natural assumption is that if you buy something it should be worked.

Q. If you buy a pair of shoes you don't wear them every day, or all night?

A. And there the Company has already explained in the evidence to this Commission the fact that they anticipated the submarine coal at Port Morien was of a poor quality.

BY THE CHAIRMAN - I think the thing there was the poor mining the previous companies had done so far as the approach to the submarine areas was concerned.

EXM. BY MR. FORSYTHE (continued)

Q. You have never heard of that, Mr. Wade?

A. Yes.

Q. You didn't see fit to mention it. Now then let us talk about the Reserve mine. The question of the Reserve mines, just to get it straight on the record. Is it not a fact that the men refused to work the Reserve mine by the method which the company considered to be the only economical one which could be used?

A. I have no information to that effect.

Q. Do you say it is not so?

A. I think that the question of history of that kind dealing with incidents that occurred before I was on the scene, will have to be referred to someone else.

Q. What I am getting at is that you put it forward here as a fact that the Reserve mines, that the community was torn apart not because of the final extraction of all the available coal but because neither height nor quality does ^{not} in the judgment of the operator, warrant its extraction. And you suggest that "it is apparent that not only national, but also local, interests imperatively demand public supervision and a clear, long range public policy." What I am suggesting to you is that if in the case of the Reserve mines the Company was of the opinion that the coal could be extracted by a certain method, and the men refused to extract it by that method, then that was not the judgment of the operator that its extraction was not warranted, and that is a statement that should not be made here.

A. Certain methods as I understand it Mr. Forsythe, and certain wages.

Q. Well the wages were a matter of contract I suppose. They usually are.

A. As I understand the story, this certain method required would have involved a decline ... however, as I say I have not the detailed knowledge of this history of that incident which would make it useful to you to question me on it.

Q. Now I want to ask you this. You have put it to this board that whenever an injured community (using your own expression) receives assistance from abroad, the tendency is for the community to pay for that. And you refer to that as a vicious cycle, if I am not mistaken. Remember that? Page 34 - "Compensation paid by the Dominion Treasury tends to be paid by the region which is injured and so perpetuates a vicious cycle." Do you see that?

A. Yes.

Q. Now does that vicious cycle become more vicious by an increase in the compensation pay?

A. I don't think that that question is acceptable of being answered. It would depend on the time the compensation went on pay, and a lot of other circumstances, Mr. Forsythe.

Q. But you say Mr. Wade, you have gone on the line here. You have said starting on page 33 and going on 34 - I am starting with the first sentence opening on page 34 - "For example subventions to increase the consumption of coal in the Central Canadian market tend to accentuate the industrialism of that region and enable its manufacturers to compete more effectively in Nova Scotia." Let me ask you if what that sentence really means is not this: That the more coal consumed in the Central Canadian market the greater accentuation of industrialism of that region? Is that not what it means?

A. In part, yes.

Q. Not in part, it means that absolutely, does it not? All the subvention does is get the coal there.

A. Yes.

Q. And that accentuates the industrialism of that region? Won't it be accentuated no matter how the coal gets there?

A. Certainly.

Q. So the subvention is not the evil. It is the fact that the coal gets there?

A. Well I don't know if the industrialism of that section is an evil.

Q. I will withdraw the word and say whatever it is it is something that enables the manufacturers of that region to compete more effectively in Nova Scotia?

A. Yes.

Q. Whether that is an evil or a benefit, I don't know, but that is what it is?

A. Yes.

Q. And it is the coal getting there that does it, and not the subvention that takes it there?

A. You have a chain of causes there.

Q. The end of the chain has the coal on it?

A. Yes.

Q. And the coal gets there?

A. Yes, but the beginning of the chain is the subvention.

BY THE CHAIRMAN - The effect of what you are saying is that the coal should not get there at all?

A. Oh no, Mr. Chairman.

EXM. BY MR. FORSYTHE (continued)

Q. I don't know why the industrialism of that region is accentuated any more by the entry of Canadian coal there, than by the entry of United States coal, and I don't think Mr. Wade wants to suggest that.

A. We are suggesting that these subventions, which after all are paid in part by the people of Nova Scotia through general taxation, that these subventions are assisting in the industrialism of Central Canada instead of assisting the growth in efficiency or self-sufficiency of the industry here.

Q. If you don't assist the coal to move from Nova Scotia, they would get coal from somewhere else.

A. Given no public assistance of the right kind to increase sufficiency and lower costs here, then only subventions are desirable and essential.

Q. We are not talking about that. But I am talking of the accentuated industrialism of the region to which the coal goes, and that industrialism is accentuated by any coal going there?

A. Yes.

Q. So the subvention is not the thing that does it particularly?

A. But the subvention assists the Nova Scotia coal in going there.

Q. But you see they would get the coal anyway. Do you suggest for a moment that sending coal from Nova Scotia by subvention to Central Canada accentuates the industrialism in that region any more than it would be accentuated if they got the same amount of coal from the United States?

A. No.

Q. So that getting the same amount of coal from the United States, they would be enabled to compete more effectively in Nova Scotia, would they not?

A. Yes.

BY THE CHAIRMAN - By all these things are you suggesting that subventions on coal into points where they were not competitive before, were not a good thing for the coal industry of Nova Scotia?

A. Oh no.

BY COMMISSIONER McLAURIN - I asked you yesterday and you said yes we are going to get a subsidy.

A. What we ask is that it is a policy that should be attempted by the Federal Government to put this industry on such a basis that either it may not need subventions at all, or the amount of the subventions may be significantly decreased. That the emphasis should be on the growth and development and efficiency of the industry, that is in lowering costs.

BY MR. FRAWLEY - Do you think you can, by government assistance, get these costs down to the Virginia costs? That is what is important it seems to me.

A. I would not like to be dogmatic. I think when we have heard the evidence concerning mechanization from the experts here, I might be able to form a much more certain opinion. But all I can say is that the job of the Federal Government should be to do everything in its power to lower the cost of producing Nova Scotia coal, and the emphasis should be on that instead of assisting inefficiently produced Nova Scotia coal to reach Upper Canada.

BY COMMISSIONER McLAURIN - And you would not suggest the subventions being withdrawn until the experiment is carried through?

A. Yes, because you can't get minimum costs without maximum production, and in order to get that you have to sell your coal.

Q. As a taxpayer from the West, I might object to all this provision of capital.

A. When I refer to the provision of capital for the utmost increase in efficiency, I am referring to self-liquidating capital and not to grants of aid.

BY THE CHAIRMAN - Do you think, or have you any information which would lead you to believe that if the greatest operator skill in the world that is applicable to coal, were applied to those

mines here, could they ever hope to compete in costs with the West Virginia mines where Canada is getting their coal?

A. I suppose the answer is no, Mr. Chairman. But that in no way invalidates the position we are taking, that we have to get the lowest possible cost we can.

EXM. BY MR. FORSYTHE (continued)

Q. But this position is invalidated a little right here, because this is a plain direct statement, that the net effect of assistance to this industry has been adverse to the Maritime Provinces.

There is no doubt about that?

A. No, no, no.

Q. For instance on page 34, and perhaps we can go back further, page 33 - "In view of this it will be well to examine the real economic effects and economic efficiency of all these compensatory assistance arrangements on the economy of the area and the country as a whole." Certainly you talk about the result of something there. "Close examination will reveal that increased payments or income transfers to the Maritimes and her industries through subsidies under the Maritime Freight Rates Act, coal subventions, grants in aid, and direct subsidies all have serious limitations under the existing fiscal system of the country without removal of the basic causes of distress."

A. May I explain that that is the pivotal point in this argument. The removal of the basic causes of distress.

Q. "Concentration of industry in the Central Provinces operates in cumulative fashion to their advantage. Although income raised through taxation and tariffs may be temporarily transferred to the Maritimes by various compensatory devices it quickly flows back to Central Canada in increasing amounts through the process of enabling the Maritimes to buy the higher cost goods produced in Central Canada. For example subventions to increase the consumption of coal in the Central Canadian market tend to accentuate the industrialism of that region and enable its manufacturers to compete more effectively in Nova Scotia. Protective tariffs for Maritime industries enable them to compete more effectively in

"Central Canada but raise the price of goods produced there and thus the prices of those goods again consumed in the Maritimes. This has been clearly the net effect of compensatory and assistance arrangements as they operate in a continental economy where industry is highly concentrated in a central area. In essence the burden of cost of the compensatory and assistance arrangements is shifted back to the industry and population of the outlying regions. Compensation paid by the Dominion treasury tends to be paid by the region which is injured and so perpetuates a vicious cycle." I ask Mr. Wade if that is not a statement that compensatory arrangements of the kind he mentions operate to the disadvantage of the place to which they are paid?

1. No, that statement taken in context, particularly in reference to the basic causes, is simply a statement that advances of this kind, transfers of income, does not touch the basic causes of the need of these outlying regions for assistance, and in fact it tends to aggravate those basic causes, and what is needed is the tackling of the basic causes so as to remove that need or decrease it substantially.

2. Where is the money to come from to put into effect the programme that you have outlined and to provide for the adoption of the measures you propose?

1. From exactly the same type of place that the two million dollars for developing the atomic bomb came from.

2. I am not talking of the type of place.

1. You don't want me to give you the address surely.

2. What I am suggesting is that you are asking this Board to recommend to somebody that they spend some money. I would like to know to whom you refer when you ask them to make the recommendation?

1. To the Federal Government.

2. And the same Federal Government that dispenses this compensatory and assisting arrangement, which tends to be paid by the region which is injured, and so perpetuates a vicious cycle. The same people?

Q. A. Yes.

Q. And the only difference is that you are asking for more?

A. Emphatically not. The only difference is, we are asking the Federal Government to assist us in removing the basic causes of our need for this kind of assistance, which is something they have never done before, and never even thought of.

4:40 P.M. HEARING ADJOURNED UNTIL FRIDAY,

SEPTEMBER 14th, 1945, at 10:00 A.M.

ROYAL COMMISSION ON COAL

Sydney, N.S.

Friday, Sept. 14, 1945

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ROYAL COMMISSION ON COAL

Sydney, N. S.,
September 14, 1945.

The Royal Commission on Coal convened at the Court House, Sydney, N.S., on Friday, September 14th, 1945, at 10 A.M.

PRESENT:

Hon. Mr. Justice W. F. Carroll, Chairman

Hon. Mr. Justice C. C. McLaurin, Commissioner

Angus J. Morrison, Esq., Commissioner

J. J. Frawley, K.C., Commission Counsel

Robert D. Howland, Secretary

L. A. Forsyth, K.C., representing Dominion Steel & Coal Corporation Ltd.

J. L. Cohen, K.C., representing District 26, United Mine Workers of America.

C. B. WADE resumes stand.

MR. WADE: Mr. Chairman, before Mr. Forsyth and I resume, there is a point I would like to amplify that was raised yesterday. The figure of per capita consumption, 9.5 tons per person employed, was questioned yesterday, and in particular it was questioned because of our adoption of the year 1939 as being a proper year on which to project future consumption. Now it seems to me that that was quite a proper criticism and it was necessary for us to support our contention before the Commission that that year was a proper year. It will be remembered that we are basing our case in part on the consumption of $40\frac{1}{2}$ million tons. That figure in turn is based on the very basic assumption that government policies for full employment to the amount we have indicated here will be implemented. It is also based on the assumption that the per capita consumption in Canada in 1939 will be approximately the per capita consumption for the next period of years. Well now, the question arises, is that figure of 9.5 per capita consumption of 1939, does it even

remotely resemble the per capita consumption for any period of years prior to 1939?

BY MR. FORSYTH: That was not the point I made.

MR. WADE: Per person employed. Now I find that the per capita, that is to say the consumption for the whole population for the years 1929 to 1939, the average for that period of time was 2.53 tons, and the per capita consumption in the year 1939 itself was 2.604 tons, so there is a difference there between the average per capita consumption for 1929 to 1939 and the year 1939 itself of .07 tons. In other words, I would suggest that our claim that 1939 was the proper year to take is thereby substantiated.

BY MR. FORSYTH: I don't know that there is very much merit in arguing about what my criticism of Mr. Wade's figure was, but if he thinks it was what he has just mentioned then obviously Mr. Wade has not understood my criticism. That may not be his fault; it may be mine. My criticism of his figure was that the relation of the number of persons employed in non-agricultural industry to the total tonnage of coal consumed by this country was not the way to find a factor upon which to predicate consumption for future years. That was my criticism of it.

BY COMMISSIONER McLaurin: That figure for 1939, assuming that it is correct, was not tested by other years?

BY MR. FORSYTH: No, and when you try to test it it doesn't work, that's all, and if Mr. Wade thinks that the per capita consumption is the test, then if he looks back to 1913 he will find that the per capita consumption was 4 tons, and I think he has just said that in 1939 it was 2.26, is that it?

MR. WADE: The year 1939 was 2.6.

BY COMMISSIONER MORRISON: The average for the 10-year period was 2.53?

MR. WADE: Yes.

BY MR. FORSYTH: The thing is, you can't predicate consumption of coal on any factor like that unless you are at the same time able to estimate what inroads are going to be made upon coal by other forms of energy producers.

MR. WADE: Mr. Chairman, if I may be permitted, if the average for the last 10 years has remained stable it is surely a reasonable assumption, unless we have very strong evidence to the contrary, that the average for the next 10 years is going to remain approximately stable.

BY COMMISSIONER McLaurin: You say your formula is confirmed by the per capita over the years? However in the long run it is speculation, what the total consumption may be, and the figure worked out on Mr. Wade's formula might be correct or it might be wrong; it might be more or it might be a little less. If we are going to meet the social demands of this country it is to be hoped it will be 40 million tons. If it is not, well, it is going to be too bad for the industry and labor.

MR. FORSYTH continues Cross-Examination of Mr. Wade.

Q Now, Mr. Wade, yesterday I endeavored to ascertain from you what the views of the union were as to an adequate wage, and I would like to ask you if you or anybody associated with you in the preparation of this brief have made any comparison of the wages or average monthly earnings quoted from Professor Logan's report on page 51 of your brief, with the earnings of other workers in the province of Nova Scotia?

A No.

Q But you would, I suppose, commit yourself to this proposition, that if those earnings, that is if the earnings of other workers are no higher than the ones that are quoted on page 51, then there are some more social costs to be met in the industries in which they work?

A Exactly.

Q And it has to be met by the provision of money?

A Capital, you mean?

Q Well, I will use your word capital.

A Yes.

Q And in amounts which of course you have not attempted to assess?

A Yes.

Q But whatever the amounts are they must be provided?

A They must be provided in order to attempt to raise the productivity of labor in Nova Scotia, including the coal industry.

Q And you spoke yesterday of this capital being self-liquidating capital?

A Yes.

Q Well, now then, how are you going to liquidate the capital that you propose should be put into this industry? How is it going to liquidate itself?

A Well, when I use the term self-liquidating I have in mind the same type of capital that is ordinarily provided to a corporation, let us say share capital, where there is no intention of ever repaying that capital. That is to say, that share capital remains in the corporation, but some return is earned on it. That is what I have in mind.

Q Do you really believe that it is true to say that capital that is subscribed to an industry is never intended to be repaid?

A Well, Mr. Forsyth, as far as I can recollect the Companies Act, provision of repayment of capital is prohibited, except under special circumstances.

Q Well, the special circumstances affecting the repayment of capital are matters of procedure and protection of creditors, aren't they?

A Well, whatever the reasons may be, in practice it is rather unusual to find the share capital of corporations repaid to the shareholders, unless of course the corporation is wound up for any reason, but as long as the corporation remains in

business the share capital remains.

BY COMMISSIONER McLAURIN: The common share capital, but preference share capital ---

BY MR. FORSYTH: Is repaid every day.

A Repayment of preferred shares in my opinion is not such a common occurrence.

Q I am not going to debate whether it is a common occurrence or not, but I can assure you that scarcely a month passes--I want to be very conservative about this statement--that I don't in my own office have something to do with passing on the repayment of preferred share capital.

BY THE CHAIRMAN: Are you giving evidence now, Mr. Forsyth?

BY MR. FORSYTH: No, I just wanted to correct Mr. Wade.

BY COMMISSIONER MORRISON: I think Mr. Wade perhaps was thinking of those holding preferred shares in industries in the Maritimes.

MR. WADE: My remarks are based on a very extensive study I once made of the financial structure and procedures of Canadian corporations, and the repayment of capital in any form except that of bonds is not too common.

BY MR. FORSYTH: Well now, what I say is that for a man to talk about self-liquidating capital in one breath, Mr. Wade, and to say that it is to be permanently invested in the other, is hardly consistent. What do you think about that proposition?

A Well, Mr. Forsyth, we are just playing around here with definitions.

Q That is what I am afraid we are doing.

A If you don't like my self-liquidating I am quite willing to withdraw it and refer to it as permanently invested capital on which a return of some kind will be earned.

BY COMMISSIONER McLAURIN: Common share capital.

BY MR. FORSYTH: When you made the statement that this capital was to liquidate itself you didn't mean it?

A Well, I think we had mutually agreed that we were not going to worry about the definition of the term "self-liquidating".

I stick to my definition of that term.

Q All right, let's understand that. This self-liquidating capital in your opinion is capital that goes into a business and stays there?

A Yes.

Q Hoping to get some return on it, and is never liquidated?

A Oh, I wouldn't be so dogmatic as that, but it is not the intention to return it to the original contributors.

BY COMMISSIONER MORRISON: Unless the company is wound up?

A Oh, definitely.

BY MR. FORSYTH: It is self-liquidated then, I suppose.

BY COMMISSIONER MORRISON: Well, it would at least be there for them to get. I know of some corporations that were wound up and the capital was not there to go back to them even on those terms.

BY MR. FORSYTH: And I know of some corporations that you could put a great deal into and it would be very difficult to get it out on the wind-up.

BY COMMISSIONER MORRISON: That is very obvious.

BY MR. FORSYTH: Now at page 55 you are discussing management-labor relations and you refer to a quotation: "The attitudes and action of management largely determines the degree of co-operativeness of union leadership at all levels." Now does that mean that the management and its attitude and its action sets the tone of union leadership?

A To use the phrase here, it largely determines the tone of union leadership.

Q And you are satisfied that that is so?

A I am satisfied that that is so in this respect, that the attitudes and actions of management largely determine the attitudes and actions of the rank and file of the union, and the attitudes and actions of the rank and file of the union determine the type of leadership that that union has.

Q Now I would think that the attitudes and actions of the union leaders would be largely responsible for the attitudes

and actions of its members?

A There obviously is a mutual relationship there but in the long run the union, which in the great majority of cases is a democratic organization, and certainly so in the case of District 26, the nature of the leadership will be determined by the attitudes, aspirations and so on of the rank and file of our members.

Q That is your belief?

A That is my belief, Mr. Forsyth.

Q Well, now then, I want to ask you if you know anything about a slow-down that occurred in the mines of this company?

A Well, I know a slow-down did occur.

Q When?

A Am I correct in saying it was in '41?

Q Yes. Now whose attitudes and actions set that off?

A I should say that that was set off by the whole history of the relationship between the company and the union for many, many years back.

Q Well, who was the fight between at that time?

A I presume ---

Q Don't presume anything about it. You know the story, Mr. Wade, don't you?

A No, I am not too familiar with that story.

Q Well, is there anybody here who does know it, representing the union?

A The executive would know the story.

BY MR. COHEN: I would be very glad to give my friend my opinion.

BY MR. FORSYTH: If you want to take the book ---

BY MR. COHEN: My friend has been standing up giving opinions without books, and if he wants the 1941 slow-down gone into, we don't want another Cohen and Kelley, let's have Mr. Kelley here to begin with and Mr. McTague secondly, and then we will go into the question and all take the book and determine what started the slow-down.

BY COMMISSIONER McLAURIN: Before either of you gentlemen get into a discussion, you say, Mr. Wade, you have no personal knowledge of it?

A Oh no.

Q And you would only speak from hearsay?

A Yes.

Q But officers of the executive can speak?

A Yes.

Q It is your opinion there was a slow-down? Well, some member of the executive, I suppose, will be available to give evidence?

A I am simply not in a position to speak with any authority on the matter. I have personal opinions and that is all.

BY MR. FORSYTH: I agree, Mr. Wade.

BY MR. COHEN: It has a lot of ramifications.

BY COMMISSIONER McLAURIN: Mr. Jenkins and Mr. Scott, I suppose, can give first-hand information?

BY THE CHAIRMAN: What year was that?

MR. WADE: 1941.

BY THE CHAIRMAN: Were Mr. Jenkins and Mr. Scott in their present positions in 1941?

BY MR. FORSYTH: They weren't in their present positions but they were around.

MR. FREEMAN JENKINS: Mr. Chairman, as counsel said, it would go into a lot of ramifications. We weren't in office at the time but of course we know of it, and a lot that we would say would be personal opinion.

BY THE CHAIRMAN: Well, Mr. Wade has expressed his opinion about it.

BY MR. FORSYTH: The thing about this thing is, I take it that Mr. Wade, speaking for the union, put forward these views on management-labor relations in the hope that some ultimate benefit might be derived from the expression of the views, and it seemed to me that if we were going to develop benefit from this thing we ought to see what the attitudes of people

have been, because you can't solve problems that depend upon history without knowing what the history was. I think it is perfectly all right for Mr. Wade to say he hasn't first-hand knowledge of it and can't speak with authority, but people who were here and were concerned in it of course could. Now on page 57 of the brief you made some reference to what you term the unfortunate attitude of the company as being indicated by a brief submitted, or a document ---

BY COMMISSIONER McLAURIN: Pardon me, Mr. Forsyth. What is a slow-down? I suppose a slow-down is an organized effort on the part of the employees to curtail or impair the efficiency of their effort?

BY MR. FORSYTH: I suppose that would be right.

BY MR. COHEN: It is not necessarily organized. It may be spontaneous. There may be a common feeling that results in a common course of action.

BY COMMISSIONER McLAURIN: In a sense it would be organized?

BY MR. COHEN: The result would be.

BY COMMISSIONER McLAURIN: But I am right in concluding that it is something that where a man might have a production unit of 5 it becomes $2\frac{1}{2}$? It is conceded that that took place down here, is it? That is all new to me.

BY MR. COHEN: My friend, I think, was present at the conciliation board that led to it. He could tell the story.

BY MR. FORSYTH: Mr. Jenkins was quoted one time as referring to what was going on as "curtailment of production".

BY COMMISSIONER McLAURIN: This is the first I ever heard of it. As a matter of fact I am surprised it would be conceded there was a slow-down.

BY MR. FORSYTH: Well, sometimes you arrive at a point where you have to concede things.

BY THE CHAIRMAN: It tended to have the same results as a strike.

BY MR. FORSYTH: Except that you draw pay.

BY THE CHAIRMAN: If you were a producer you wouldn't draw as much pay.

BY MR. FORSYTH: Well, not as much, but you would still draw pay.

BY THE CHAIRMAN: It is a form of protest against something or other.

BY MR. FRAWLEY: If you are paid for taking out 5 tons and only take out 2 ---

BY COMMISSIONER MORRISON: Oh no, they are not paid for taking out 5 tons when they only take out 2.

BY MR. FORSYTH: Well, if the producer slows down he hurts himself as well as the company.

BY COMMISSIONER McLAURIN: And hurts everybody, because there are real enemies of both labor and industry down here. I am speaking as an outlander, but there are frightful dirty, vicious fighters in this community.

BY MR. COHEN: There was a lot of energy, as a matter of fact, brought into the province at that time. Page Mr. Ralph Bell.

BY MR. FORSYTH: Well, if you are going to page any persons I have a list of my own that I would like to go into.

BY MR. COHEN: Well, bring them all down.

BY COMMISSIONER McLAURIN: I am sorry to make this interjection but I wanted to understand it. You were referring to something else, Mr. Forsyth.

BY MR. FORSYTH: On page 57 Mr. Wade refers to some document filed by the company in which privileges and welfare were referred to, and he later describes that document as "a curious paternalism". Now, Mr. Wade, did you have anything to do with the preparation of a brief which was submitted to this Commission and later withdrawn?

A Yes.

Q You wouldn't describe the ---

BY COMMISSIONER MORRISON: Now, Mr. Forsyth, at that point, we are dealing in the one case with a document officially before this Commission known as "Privileges and Welfare". The other document you are talking about is something prepared and withdrawn, and where it is today, we certainly haven't had it read to us. It is not in front of us and I am just wondering

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if we can intelligently follow your cross-examination without full knowledge of this other mysterious document that you talk about.

BY MR. FORSYTH: There is not very much mystery about this one, but if you are going to be able to follow my cross-examination depends upon listening to the first question and see. I just want to ask Mr. Wade if he would describe that document in its reference to the company as a filial expression. He has used paternalism on one side. You wouldn't describe it as the acme of filial piety, would you, Mr. Wade?

A No.

Q In fact quite the reverse?

A I have already given my answer in the negative.

Q Now on page 57 you have this expression: "How out of touch with the opinion and attitudes of its employees the company is, is suggested by its inclusion in this document as 'welfare' schemes the rental of company owned houses and the company's old age pension scheme - both of which are focal points of trouble and bitterness." Now you stand by, I suppose, that last sentence, that the rental of company owned houses and the company's old age pension scheme are both focal points of trouble and bitterness?

A Yes.

Q Now, Mr. Wade, do you think that the trouble and bitterness that arise from the rental of the company owned houses would be eradicated if we stopped renting the houses to employees and rented them to someone else?

A And did nothing more? Just stopped renting the houses?

Q I am talking about those houses. I want to know if the union is for or against them being rented by employees?

A Maybe we can clear up the meaning of that in this way, Mr. Forsyth, if you don't mind?

Q I do mind. You answer my question first. Is the union for or against the continuation of renting those houses to the employees?

A Well, that cannot be answered by yes or no, Mr. Forsyth, because it depends on the conditions. If other houses are available, and better houses are available, then distinctly are they against the renting of houses by the company, but if there is no other place for a man to live then obviously one must continue to have a company house to rent.

Q Then you say that unless there are other houses provided you want us to go on renting these houses to the employees?

A Exactly.

Q Now the old age pension scheme, do you want us to continue that or discontinue it?

A Oh no, there is no suggestion here of discontinuance, but there again I think the Commission would be helped if you would allow me to interpret this point. My understanding, from discussions with many of the miners in connection with the old age pension scheme, is that they have no right to that pension, that it is something which they are not sure that they are going to get or not going to get. They simply have to wait, as it were, until they are put on this list, and then they may or may not finally receive that pension, and precisely when they will receive it they don't know.

BY MR. COHEN: When somebody dies.

A They have to wait until somebody dies in order to make room on the list. That is the reference we have in mind there. It is not to the actual payment of the pension per se.

BY MR. FORSYTH: Do you know of any other coal mining company in Canada that provides any pension of the kind?

A No.

Q Well, you would not suggest that it indicates an antagonistic attitude towards the employees that this company does provide a pension of some sort?

A Oh, I think it would indicate, Mr. Forsyth, that the company feels that because of the geographical isolation of this industry and the compact nature of the community, the feeling

of solidarity among the men and so on, that it is more or less forced to make some kind of gesture to the people in their old age who have worked so long.

BY THE CHAIRMAN: I don't think you have the thing right. There was no force about it at all. I had some personal knowledge of the institution of that. Mr. Wolverson started that. There was no force about it. Every dollar that goes into it comes from the company.

BY COMMISSIONER McLURIN: Probably it is inadequate, but I don't know why the men should resent something by this company when it is the only company that is doing it.

BY MR. FORSYTH: But you see here is the attitude of Mr. Wade. I don't take any personal exception to it. You think the company was forced to do something? You see, there is something that the company did and did it voluntarily. Now somebody has either told you, or you have adopted a psychology towards the company that makes you state that the company was forced to do this by something.

A In the first place, as the Chairman has just pointed out, something which I didn't know, the pension scheme was instituted before the present management took over, and secondly it is not a question of adopting any psychology. It is simply a question of the evidence that I have managed to collect on the attitudes and objectives of the company during the last year when I have been down here. I have made special efforts, Mr. Forsyth, not to adopt any psychology from anybody else, but to form my own independent opinions.

Q Well, now then, assuming, Mr. Wade, that the company was not forced to grant these pensions, and that it has continued to grant them, don't you think that the company at least might be given credit for having that much thought for its employees?

A With those conditions that you state in your question, the answer is yes.

Q Under those circumstances is it fair to have any focal point of trouble and bitterness surrounding those questions?

A I don't see the question of fairness arises.

Q Of course you wouldn't.

A But here we are dealing with human beings and those men, who are the average sample of Canadians, have certain feelings about the way these pensions are handled. Now if they are the average sample of Canadians, one would assume that any other group throughout Canada would feel the same way under the same circumstances. Therefore we are dealing with a question of fact.

BY COMMISSIONER McLAURIN: Whether it is fair or is not, do you say that in the light of your living in Sydney what, about a year?

A Yes.

Q And having occasion to make inquiries do you say as a fact as a result of your inquiries that that pension scheme is a cause of trouble and bitterness?

A Yes.

Q Whether bitterness is warranted or is not warranted it is there?

A Yes.

BY MR. COHEN: Isn't it better to perhaps have it made clear that it is the suggested inadequacy of the pension scheme that is the cause of trouble and bitterness?

A Yes. It is not the actual fact that there is a pension scheme, naturally. It is the way it is handled, and the inadequacy.

BY MR. FORSYTH: I gather from your reference here that you think that the company should not have suggested that there was any advantage to the welfare of the employees in this pension scheme?

A Oh no, Mr. Forsyth.

Q Well, I have just looked at your language. You didn't mean that?

A Oh no.

Q And you would not suggest that we could remove this focal point of trouble and bitterness by discontinuing the scheme?

A No, but you can remove it by continuing the scheme ---

Q And providing more capital, I suppose?

A Well, it would be tremendously important if the men felt that this pension was being paid to them as a right for long service to the industry.

Q But you have got to go back to the inception of it. That is not what it was?

A Or what it is, no.

BY THE CHAIRMAN: Of course that is not the usual conception of what a pension should be; usually it is a contributory measure. And did you have in your brief--I think we got a brief from some other division of the union--recommending that we recommend to the government of this country or somebody that a three-way contributory pension be adopted.

A That is what the men want.

Q Well, you haven't raised that question in your brief?

A Yes, it is in the brief.

BY MR. FRAWLEY: Did you ever take it up with the company to turn it into a contributory scheme? Why it was not contributory at the inception is beyond me.

A I don't know the answer to that.

BY COMMISSIONER McLAURIN: I don't know why it should be suggested that this company, struggling against physical difficulties that are God-made and competing against the finest mines in West Virginia, should be socially in advance of the West Virginia, Kentucky and Pennsylvania mines.

MR. WADE: I think we have lost sight of the context in which this opinion occurs. We say: "How out of touch with the opinion and attitudes of its employees the company is, is suggested by its inclusion in this document as 'welfare' schemes the rental of company owned houses and the company's old age pension scheme." That is the point being illustrated.

BY COMMISSIONER McLAURIN: Oh yes, you are being factual about it. That is the situation that exists. I feel this is the proper time--I am certainly convinced that this picture is not all black on one side and white on the other, but there is a bit of grayness, and I think here is one case where the union might be saying, "We are a bit unreasonable about this." If this community is ever going to rescue itself there has got to be some point arrived at where both people recognize that there may have been faults.

BY MR. COHEN: It seems to me that the sequence of this reference might also be made clear. This doesn't arise out of complaints made by the men. What is complained about is that it was included in a document that the company was bragging about and that it indicated a poor estimate of its relationship with the men. That is the thing complained about.

BY COMMISSIONER McLAURIN: I think they should brag, the only coal company in Canada that has got it. I don't know why anybody should resent a little boastfulness about it. We are all inclined to boast about our virtues.

BY MR. COHEN: That is a matter of argument, and if we ever get down to it I shall be glad to go into it, but that is the point that Mr. Wade is indicating.

BY COMMISSIONER McLAURIN: Mr. Wade has been factual about it. He says that is what he knows is the feeling of the men.

BY MR. COHEN: The subject was brought up by that brief headed "Benefits of the Men" and one of the benefits was collective bargaining and the right to work for the company.

MR. WADE: Otherwise I might never have raised the point at all.

BY MR. FORSYTH: Now has everybody finished discussing that?

BY COMMISSIONER McLAURIN: I will apologize.

BY MR. FORSYTH: Now on the following pages --

MR. WADE: Page 58, Mr. Forsyth?

Q 58 and 59, 58 particularly, you say: "It is a curious and

interesting fact that the company gives the impression that it expects the employees to assist in reducing costs."

Where is that impression given?

A Well, it was given in the clearest--it is given from day to day in day to day relations between colliery management and men, but it is given in a much more concrete way in the quotations that I have presented here, Mr. Forsyth.

Q Where?

A At the bottom of page 58 and the top of page 59. Incidentally I wonder if the Commission has that document here?

BY MR. FRAWLEY: What document?

A Exhibit No. 15, because it might be better to have the full quotation here in front of us.

BY MR. FRAWLEY: We haven't it here. We have it over at the hotel.

BY MR. FORSYTH: I just wanted to know where you got that impression, and you got that impression from the statement: "The responsibility for increase in available work (by reducing costs) is one in which all share."

A All share.

Q That is what gives you the impression?

A Yes, and the rest of it: "...Having installed machines of the most modern type available and having developed methods of mining whereby they can best be made use of, he (the operator) looks to greater productive effort on the part of labor as the best means --"

Q "At present in sight which may assure the continuance of his industry". What is your idea of the duty of the employee?

A In what sense?

Q What is your idea of the duty of the employee who goes into a coal mine?

BY THE CHAIRMAN: As to the reduction of costs?

BY MR. FORSYTH: I would like to know first what the duty is with respect to his work?

A Well, Mr. Forsyth, given ---

Q Not given anything.

A Excuse me, I can't answer the question.

BY MR. COHEN: If he is not given anything he has no duty.

BY MR. FORSYTH: That is a smart remark.

BY MR. COHEN: The question we are concerned with is what is the responsibility of those men. Who defines duties?

BY MR. FORSYTH: Mr. Chairman, would you suggest to my learned friend that I ask the question?

BY THE CHAIRMAN: I think the interjection was all right because the gentleman says he can't answer your question.

BY MR. FORSYTH: Mr. Wade, will you allow me to rephrase the question?

A If you so desire.

Q What I had in my mind was this, that a man goes to work for an employer and he agrees upon a wage, then I say, what responsibility or duty has the employee who is going to get that wage towards his employer? Now can you answer that one without being given anything else?

A It would depend entirely on the circumstances, Mr. Forsyth, and on the rights that were given that employee by the employer. Ordinarily speaking, in what is usually known as the capitalist economy, the worker has no duties to the employer and the employer has no duties, in an ordinary sense of the term, to the employee. It is the function of the employer to get the greatest possible amount of work from the employee at the lowest wage, and it is the duty to himself of the employee to get the highest wage for the least amount of work.

Q Well! That is a philosophy!

A That is the commonly accepted business point of view.

BY MR. COHEN: That is the competitive system within wage relationships.

BY MR. FORSYTH: I must insist that if Mr. Cohen and Mr. Wade

are going to give this thing in the form of a duet that they both occupy the same place. Now, Mr. Wade, either one or the other?

MR. WADE: I just wanted to add, Mr. Forsyth, that in making that explanation I am giving what I think is an objective description of the fact, and in no sense am I endorsing such a relationship.

BY THE CHAIRMAN: He was asking you a different question. He was asking you what you called the duty of a person who enters into an agreement to go to work. What is your own opinion?

A That is my own opinion.

Q That you have given just now?

BY MR. FORSYTH: That he should do the least work for the highest wage he can get?

A As long as the employer accepts no social responsibility for the employee.

BY THE CHAIRMAN: Do you say that is the correct ---

A I think it is a most disastrous and unfortunate situation.

BY MR. FORSYTH: I don't seem to be able to get anybody to answer a simple question without a very ---

MR. WADE: Oh, Mr. Forsyth.

BY MR. FORSYTH: Will you just wait till I finish, please? I am going to ask you to take this illustration. If I have a grass lawn with grass growing on it and a man comes to me and makes a deal with me that he will cut my lawn for \$1.50, with no social responsibility whatever on my part, what do you think he ought to do before he asks me for \$1.50?

A He ought to size you up, Mr. Forsyth, and see how long he can take to do that job.

Q No, he has made the deal already. He has agreed with me to cut the lawn for \$1.50. Now then, what should he do before he asks me for \$1.50?

A He should--well, cut the lawn.

Q That is what I thought the answer should be.

A Mr. Forsyth, he must cut the grass, but if he could get that \$1.50 without cutting the grass--get it.

Q That is your philosophy?

A No, that is not my philosophy. I am describing the basic relationships actually existing.

Q Oh, but that is not what I am asking you about.

A And personally I detest such a philosophy.

BY THE CHAIRMAN: That is what I brought to your attention. He is not asking you what the custom is. He is asking what your opinions are.

A If I am to describe what I think the relationship should be in such a case then I should have to enter into a description first of the general conditions in the context of which such a relationship should occur.

BY MR. FORSYTH: I just wanted to get, if I could, an answer to some questions that are not bound up too much with social philosophy. I wanted to see whether there was any fundamental principle of honesty involved in this thing, when a man goes down to work for you and takes a day's pay if he ought to give you as good a day's work as he can. Is there anything like that in our human relations anywhere?

A In a competitive economy the relations between employer and employee are purely of a legal nature and there can exist no substantial moral, as it were, relationship between the two.

Q. If they are of a legal nature it is a principle of law that obligations create corresponding obligations, is it not?

A. I believe so.

Q. I just wondered whether if they are legal, of course then a man ought to give the thing he contracts to give you?

A. He must give you that.

BY MR. COHEN - How can anyone possibly continue an examination, or cross-examination, where you are mingling ethical and social values with existing legal relationships.

BY THE CHAIRMAN - Is there not a relationship between legal and moral values?

MR. COHEN - And then the question arises as to whether they are a proper relationship, and how can one answer about the duties of one person.

BY THE CHAIRMAN - Let the witness decide that.

MR. COHEN - We are mixing ethical economics and law.

BY COMMISSIONER McLAURIN - Possibly they are mixed.

MR. COHEN - Then when the witness goes to give an answer, Mr. Forsythe says "I want a simple answer", because he wants to take a simple view of a complex situation.

EXM. BY MR. FORSYTHE (continued)

Q. Mr. Wade, we have a situation here, a condition of fact that we are faced with, have we not, in this industry?

A. Yes.

Q. You have a theory as to how that can be improved by the expenditure of what I think you will consider is a very large amount of money?

A. Please don't let me have to point out that our programme does not involve merely the expenditure of money, or only the expenditure of money.

Q. That is just one thing?

A. Yes.

Q. But without that money you cannot do these things?

A. That would be basic.

Q. So it is basic to your theory that you have to have a great deal of money?

A. I wish you would use the word "capital" if you don't mind.

BY COMMISSIONER McLAURIN - You have been around the mines enough to know about mechanization, and that the figure will run into millions.

BY MR. FORSYTHE - Mr. Wade is absolutely right about it. If you can convince a fellow that he is investing in something, it is much easier to give you a handout; if you can convince him that it is an investment, and I will call it capital Mr. Wade, and any time I forget and call it money, you remind me.

A. That is splendid.

Q. Now until we get that, don't you think we ought to go along and do the best we can with what we have?

A. Once again Mr. Forsythe, I don't like the word "ought. If we do not get the kind of programme that the U.M.W. has outlined, we will have to go about it with what we have.

Q. I am saying, before we get it. This Commission may not decide in favor of this tonight or tomorrow, and even if they did the Government is not going to act upon it the day before yesterday, and until we get these things are there not some practical things that could be done?

A. That will depend primarily on the changes the management is prepared to make.

Q. And will it depend to any extent upon the changes that the Union are prepared to make?

A. Their changes will be determined primarily by the changes the management make.

Q. Will you concede that there are not any changes in attitude or action that the Union ought to make?

A. There are changes in attitudes of the Union that they will make if the Company makes the necessary changes itself.

Q. Then any co-operative approach to these problems depends - no offer of a change of attitude will be made by the Union, but they will wait and see what the Company does before they will change anything. Is that right?

A. Mr. Forsythe, we have pointed out here..

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C. B. Wade

Q. I am asking you to answer that question.

A. It is the responsibility of an industry to give leadership.

Q. I am not talking of leadership.

A. It is not a question of what the Union will or will not do, but a question of it being impossible for the miners (not the Union) to take the first step.

Q. I am asking you to tell me whether you believe that the attitude and actions of the Union should be changed?

A. Again for basic conditions, naturally the attitudes would and should be changed. It all depends on the context on which the changes are asked for.

Q. And you are stating that unless the Company does something the Union will not make any change?

A. Private leadership, Mr. Forsythe.

Q. Will you give me any guarantee that the Union will follow the Company's leadership?

A. How can you ask me such a question.

Q. How can you answer it, is what you mean.

A. I am an employee of the U.M.W. I cannot make policy.

Q. Well you want to know how you can answer it.

A. It is a little surprising that you should ask the question.

Q. Don't be surprised at anything I can do.

A. I am when you ask anything that appears inexplicable.

Q. When I do anything that you have not an explanation for, I think I am pretty good. Now this is true Mr. Wade, that we have had a succession of increased wages for the last few years?

A. Yes.

Q. And we have had steadily decreasing unit production over those same years?

A. Yes.

Q. And greatly increased absenteeism over the same years?

A. I am not trying to avoid anything Mr. Forsythe, but I am not so certain about that greatly increased absenteeism.

collieries are based upon the opportunities for work, that is 5½ days. At any rate I think it is unfair and I didn't intend to do it, to use the word "great" increase. But there is an increase in absenteeism and has been for the last few years. It has been steadily increasing?

A. I think one has to accept the figures that there has been an increase.

Q. And that of course is injurious to production, is it not?

A. Yes.

Q. Now on page 64 you speak again of sub-standard wages in employment having naturally had two results that are obvious to any visitor to the coal towns today. You say - "In the first place retail outlets do not carry either the variety or quality of goods found in other places." What sort of goods did you note the absence of, or did you note it yourself?

A. My experiences are rather of a personal nature, but I suppose I will have to discuss them here in order to answer your question.

Q. If we can avoid it, I don't want to get any long discursive answer here.

A. I will give you a very brief answer.

Q. I want to know what sort of goods you found absent in these retail outlets?

A. Clothes. I am making comparison with my experience in Ontario in war time, because I lived there up to the last year. You can't get the quality and variety of clothes that you can in a comparable sized town in Ontario, and I am speaking of Glace Bay. Furniture, foods, there are all kinds of delicacies for example that wage earners will frequently buy in Ontario towns that cannot be obtained here. Then if one wants to take Movies, as a retail outlet, it is a disgrace to humanity the movies that are sent here; and I don't regard movies simply as a form of entertainment, they are of tremendous cultural significance. And books is another thing. I have not been able to get my hands on a book worth reading since I came down here.

There has been an increase I think the figures prove, but with the degree of that increase I am not satisfied at all for this reason, that as I understand it - let us take the Cape Breton collieries, they have always worked a five day wee in the past. I believe the figures on absenteeism are based on six days a week. Let us assume that the men have continued work a five day week in effect and based it on a six day week, causing an increase in absenteeism, which is not absenteeism at all.

BY COMMISSIONER McLAURIN - Take the Old Sydney for instance, they are working on a 5 days now, and must have been working on a 5 day before. Have you made a comparison of absenteeism in the past and now with Old Sydney?

A. I don't think the figures are available.

BY THE CHAIRMAN - In answering Mr. Forsythe's question, you have no factual or compilable figures that are available?

A. Yes.

Q. And therefore the question of whether there has been a great increase..

BY COMMISSIONER McLAURIN - Your reason for thinking there may not be an increase would break down if you found the absenteeism in Old Sydney where they are on a five day week, was comparable with the absenteeism at the present time where there is a six day week?

A. I am not denying that there has been any, but it is a question of the amount.

Q. And then your explanation would be untenable if it was found that the Old Sydney figures were approximately the same?

A. It would weaken it. I would like to raise the point that one of the difficulties I have in analyzing this situation in connection with absenteeism is that we do not appear to have the figures for the number of men who are habitually absent. We have an over-all figure of 25% of the labor force away on such and such a day, but is that 25% composed primarily of a certain group of men? I don't know the answer.

EXM. BY MR. FORSYTHE (continued)

Q. The absenteeism figures of the Old Sydney colliery are all on a five day a week basis, and in the Dominion Coal Company's

Q. That is what got you into these pulp magazines, is it?

A. And while on this point may I mention that this statement made here has the support of the miners. It is not some personal complaint from a person coming from Ontario. The miners realize that they are not getting the goods that can be obtained in other parts of Canada, and they resent it.

Q. Are these merchants here - do they want to sell goods or don't they?

A. I questioned merchants on this matter shortly after I came down here, and I said why is it that one cannot buy decent quality goods here in variety, and their answer is exactly the same, they said the miners have never been able to afford the stuff; how can we carry variety and quality when we cannot sell it.

Q. Has it ever occurred to you that during the past few years it has been a little difficult, no matter where you live, to get the variety and quality? Did that occur to you?

A. Yes, because I pointed out that I was comparing the coal towns in war time with Ontario in war time.

Q. I have a little personal problem of my own about the supply of clothing. Mr. Wade, is not this true, that when you have people - you are not complaining that the people have not money to buy these goods now, are you?

A. Well they have more money than they had before, certainly.

Q. You complain of the absence of the goods. If they have not the money to buy them, it is no good having the goods. No reason to have the goods if you have not the money to buy them.

A. There is no reason why retail merchants should have them if they can't sell them.

Q. You complain of the absence of them and say it indicates something. It does not indicate a person's inability to buy, does it?

A. To a large extent, yes. These wage increases have been to a large extent off-set by 35% increase in cost of food and a lot in other taxes, and the miner would be no better off as indicated by the increase in money wages.

Q. In one place you complain about the fact that he has nothing to spend his money on.

A. Let us get back to the context. I was endeavoring to explain that the failure of the retail outlets to carry the goods was because of the interminable years of low wages and unemployment.

Q. On page 65, you there say that Professor Logan is incorrect in saying that the miner - "chooses to take his gains in short hours rather than increased earnings based on his output."

A. Don't forget that very necessary sentence in parenthesis (except in a superficial sense).

Q. I don't think it adds much to it if you say a man is incorrect basically, then superficial. You say - "It would be far more correct to say that he is often compelled to do so, either by the sheer lack of anything on which to spend his earnings or by habits and attitudes drilled into him by subsistence wages and unemployment." Now do you complain of the lack of anything on which to spend their money?

A. Oh yes.

Q. And you say that is one of the reasons for absenteeism?

A. In so far as high living standards and the ability to acquire the various goods and services that go with the high living standard, in so far as those are lacking a man (and I mean any of us) he will not have the incentive to increase his earnings as he would otherwise, and there will definitely be a tendency, as Professor Logan has pointed out, to take his increase in earnings by shorter hours.

Q. All I am asking you (and I don't think it required all that answer), I said, do you suggest that absenteeism is in part accounted for by the lack of anything upon which to spend earnings?

A. In the light of my immediately previous answer, taking that into account, my answer to your question is yes.

Q. Now then you were asked the other day if you could explain the difference in per man day production on the North side and the South side, and I think you said you didn't feel competent to discuss that.

A. No.

Q. Now on page 75 there is an expression that I wanted to go into. You have a paragraph there - "In other words many of those who advocate social control or a "National Fuel Policy" do so, it appears to us, not on the grounds of national interest but rather for the purpose of gaining the use of state powers and state finances for the protection of their investments. They wish to retain their cake while eating it - they wish to unload onerous responsibilities on the shoulders of government and to consume the tax payers money, while retaining the full measure of their rights and great privileges." Who are you talking about there?

A. Well frankly Mr. Forsythe, I think that the impression that one might gain from the evidence is that the Dominion Coal Company would be put in the classification referred to here. Is that an answer to the question Mr. Forsythe?

Q. I would not think.

BY COMMISSIONER McLaurin - I take it you do refer to Dominion Coal?

A. Among others.

Q. Who were the others?

A. There are others who have been asking basically the same things as Dominion Coal.

EXM. BY MR. FORSYTHE (continued)

Q. When you speak of Dominion Coal Company, what is their cake that they want to retain?

A. I presume they wish to retain control over the industry as part of their cake.

Q. Mr. Wade, you said they wished to retain their cake while eating it. I say, what cake is it that Dominion Coal Company wants to retain? You made the statement. Is it this investment that they have here?

A. Yes.

Q. While eating it?

A. When one uses a phrase like that you cannot push it to an absurdity. Obviously you are going to ask me whether they want to eat the investment.

Q. No, I was not. I was going to see if there was any frosting on this case, and how much they had eaten over the past twenty years.

A. We have not yet got the figures showing the amount of the frosting, but as soon as those financial statements are available I will be able to answer your question.

Q. I can give you the figures.

A. Can we refer to them.

BY MR. FRAWLEY - If you need to you can.

A. I thought they had to be officially submitted.

MR. FRAWLEY - They are going to be.

EXM. BY MR. FORSYTHE (continued)

Q. If I told you in the past 20 years the total recovery of coal from these mines is two hundred and ninety seven million dollars, and that the shareholders of the Company in that same twenty years have had two million seven hundred thousand dollars, would you think they were eating very much cake?

A. Well that depends on whether or not that was the sole source of the cake.

Q. I say that was the sole source of the cake, the two hundred and ninety seven million was all the cake there was around that could be eaten by anybody.

A. You know the shareholders are not the only people interested in an industry, or who eat the cake as it were.

Q. But you spoke of someone as wanting to retain their cake and eat it. I am asking you if on those figures the people who own this Company have eaten very much of that cake in the last 20 years?

A. Let us put it this way.

Q. I am putting it my way first.

A. "Very much" is such a vague phrase that I cannot answer the question.

Q. Do you think it fair to describe the position of a shareholder who has had two million seven hundred thousand out of a total production of two hundred and ninety-seven million, do you think it fair to describe his position as that of a man who is retaining

his cake and eating it?

A. I am not referring merely to shareholders.

Q. Who are you referring to?

A. All other people who obtain a living from the industry, the managerial staff, and so on.

Q. What sort of cake do they hold, just their positions?

A. I have no information on what income either in the form of salaries that they get, or what income they get through the fact that some of the stocks of this company are listed on the Exchange and open for speculation, and what income they get from their connection with the company from other sources.

Q. So you just lump all those things of which you know nothing in this "desire to retain the cake and eat it" phrase.

A. The retain the cake and eat it, phrase, was followed by some more precise formulation, and it might be better to use that instead.

Q. I want to know what it means, and I think the more you explain it the more serious it becomes. Are you suggesting now that in that phrase there is the possibility of people speculating in the stocks of this company, the managerial staff?

A. There is nothing critical in that; it is perfectly legitimate.

Q. And you are suggesting also, there is a question of wanting to have a national policy so that they can hold their jobs?

A. Doubtless a factor.

Q. And that the shareholders wish to hold this cake and eat it? You include them in the group?

A. Yes. Bondholders.

Q. Well the Bondholders may be the people who have the cake, or the frosting.

A. Maybe they are.

Q. They at any rate have a contract from someone to pay them interest on their money, and pay them their money back?

A. Yes.

BY COMMISSIONER MORRISON - That is the self-liquidating part.

EXAM. BY MR. FORSYTHE (continued)

Q. "They wish to unload onerous responsibilities on the shoulders

of government and to consume the tax payers money, while retaining the full measure of their rights and great privileges." What are the rights and great privileges that you speak of?

A. The most important privilege is that of controlling the operation of coal resources that belong to the people of Nova Scotia.

Q. And I suppose you start off with the basis that the people acquired the right to operate these leases by undertaking to compensate the people of the province of Nova Scotia for so doing. Is that right?

A. Compensate, but not necessarily adequately compensate.

Q. You are going to re-write the contracts for the people of Nova Scotia with the operators?

A. The people in Nova Scotia who originally made the contracts are not in existence.

Q. Do you think that is really an intelligent contribution? I asked you if you were proposing to re-write the contracts between the people of the Province of Nova Scotia and the operators?

A. In view of the fact that I am not in a position to write such a contract, why ask the question?

Q. I think it is fundamental to your document that some contracts be re-written.

BY THE CHAIRMAN - Do you wish the Government of Nova Scotia to change the contract?

A. In the first place I am only familiar with one part of the contract, viz: the royalty paid to the people. Is that the main point? I have given no thought in the event of public ownership to whether the people of Nova Scotia would be paid more or less than $12\frac{1}{2}\%$.

EXM. BY MR. FORSYTHE (continued)

Q. You are not in a position to say whether that payment is adequate or not?

A. Not particularly, because whether it is adequate would depend on the way the mines are operated and the results of the operations on the communities concerned.

Q. Have you any other rights and great privileges?

A. I think it is a very great privilege to be in a position to determine the course of the lives of so many people, or what will effect their lives.

Q. The difficulty I have with you is that when I ask you a question which I think can be answered very straightforwardly, you go into a discussion..

BY THE CHAIRMAN - You don't think he gives you the answer that he should.

MR. FORSYTHE - That may be the view that some counsel take, but I have never been like that. I have always been willing to take whatever answer there was, but I would like an answer. When I ask a man what are the rights and great privileges, I expect him to say the rights and great privileges are these: First, the right to operate these leases. Second - what is the next one Mr. Wade?

A. Well Mr. Forsythe I am certainly willing to grant you certain idiosyncracies of manner and speech and so on, and I thought you would reciprocate.

BY THE CHAIRMAN - I am not suggesting that you should answer the questions in the way Mr. Forsythe suggests, but I think you should answer the questions, and if you take a little longer than perhaps you should, it is all right with the Commission.

A. I am being as brief as I can.

EXM. BY MR. FORSYTHE (continued)

Q. What are the rights and great privileges?

A. The two great privileges..

BY COMMISSIONER MORRISON - Mr. Forsythe would like them enumerated something on the plan that Mr. McColl enumerated the plans and privileges of the Dominion Coal Company.

BY MR. WADE - Are you ready for the answer?

EXM. BY MR. FORSYTHE (continued)

Q. I have been ready.

A. The rights and privileges I have in mind: (1) The right and privilege of operating the coal resources belonging to the

people of Nova Scotia, with a great deal of latitude as to how they should be operated. (2) The rights and privileges of being one of the major dominating forces of the lives of the people. (3) The right of making what profit can be made, if any, out of the operations of the coal resources of the people of Nova Scotia. If you desire me to continue that list you will have to give me some time.

Q. It is not a question of my desire, I just wanted you to tell me what you meant by the sentence. Have you told me all you meant?

A. I have already remarked that my answer might well be incomplete on further thought, but those are the rights and privileges that occur to me at the moment.

Q. But you can't say they are the only ones that occurred to you when you wrote the sentence?

A. No.

Q. Now then the Union proposal is that those rights and privileges should be taken away from the company?

A. Yes.

Q. And that someone else should have those rights and great privileges and should invest a great deal of capital in the business?

A. Not just somebody else. Representatives of the nation.

Q. Are you going to take along or include with that, other Companies than Dominion Coal? Bras d'Or Coal for instance?

A. That I think would be a question that would have to be worked out at the time and in the light of experience.

BY COMMISSIONER McLAURIN - What do you recommend now?

A. Nothing in that regard.

Q. The only recommendation is as to Dominion Coal?

A. Yes.

Q. And their affiliates?

A. Yes.

Q. And that would leave Bras d'Or and the others as they are?

A. As a policy to be determined in the light of development.

EXM. BY MR. FORSYTHE (continued)

Q. In the meantime they can go along competing with the nationally owned industry, as best they can?

A. Yes. I think I should in justification to our position, I should add that the output as we know, the major operators which is the greater part of the output, 90%, is a matter of tremendous national interest and concern. The relatively negligible proportion produced by the small operators..

BY COMMISSIONER McLURIN - But they will have put capital into this, and some person who has put capital in, his money is going to be crushed by this octopus. They should have the same formula.

A. If there was any danger of that happening.

Q. If you are going to have it changed, now is the time to work it out and not do someone an injustice. If it is good for one company, is it not the same for the others?

BY MR. FRAWLEY - If you sent your coal to Coppercliffe the proposition might be a little unfair.

A. We have a perfectly open mind on it.

BY COMMISSIONER McLURIN - What do you recommend now? Your recommendation is limited to the Dominion Coal, so we cannot get any help from you of the others.

A. Our recommendation would be a very careful investigation to protect the welfare and interests of the small operators.

Q. Why should it not be made by the Union when presenting this brief?

A. We are making that recommendation now.

BY THE CHAIRMAN - I don't see any place in your brief that you except any coal industry in the Province from your scheme. How did that happen? I thought it was the whole thing, and your brief says the coal industry of Nova Scotia.

BY MR. FORSYTHE - The brief does not isolate the Dominion Coal Company for this treatment, but I had a feeling that that is what was in their mind.

BY THE CHAIRMAN - Did this question of isolating one and putting the others in, occur to you when preparing this brief after

consultation with your clients?

A. It was not gone into as thoroughly as it apparently should have been.

A. Because mostly all of the independent operators in this County, their workmen are part and parcel of the Union.

A. And certainly the Union wants to see that the small operators are protected in every way possible. They have no desire that an octopus should come and crush those small operators.

Q. Until Mr. Forsythe asked you that question I took your brief to mean (and I am not finding any fault with it, you are frank about it) but I took your brief to mean that your recommendations in this matter referred to the coal industry of the Maritimes, not Nova Scotia alone.

A. We had in mind, because of the national aspect of the thing..

BY COMMISSIONER McLAURIN - Your case is based on management that has not been efficient. That is the position you took yesterday, that management has not tried to be as efficient as it should be and consequently there has to be this change to government control?

A. And has not the resources.

Q. And you made that case out only against the Dominion Coal and its affiliates.

A. Yes.

Q. Not against Bras d'Or or Colonial?

A. No.

Q. And in answer to the Chairman you said whether it should be applied to Bras d'Or and what we might call the independents, was not gone into by the executives of the Union as thoroughly perhaps as it should have been?

A. Yes.

Q. Was it gone into at all?

A. Oh yes, it was discussed.

Q. And the result of the discussion, and you are speaking for the Union, your submission and recommendation only applies to the Dominion and its affiliates?

A. Yes, because the size of their output is the important factor

from the national point of view, which is the approach we are trying to take.

Q. But is it fair to Colonial, Bras d'Or or Indian Cove?

BY THE CHAIRMAN - Fair to Minto?

A. I cannot foresee Mr. Commissioner.

BY COMMISSIONER McLAURIN - I am a grocer somewhere and doing pretty well, and another fellow next door is a failure, and the Government is coming in to help him out, and put me out of business. As far as I know Bras d'Or or some of these companies may not be open to the complaint you have made against Dominion, and you leave the thing in the air and may do them a great injustice. Are you going to leave it to the Commission in that state and have us recommend to Mr. Howe, figure out Bras d'Or and the others at some time yourself?

BY MR. COHEN - I wonder if I can make my own understanding of it clear; because certainly it was not my desire or intention to identify myself with the proposal. It is one that I could not myself and according to my own convictions logically and conscientiously put forward. My understanding of the proposal being put by the Union was that the proposals were over-all proposals relating to the Maritime industry. That reference is made throughout.

BY COMMISSIONER McLAURIN - Now you have your witness saying one thing and you another.

A. He is not my witness.

Q. But he says one thing and you another.

A. That may be so, and perhaps Mr. Wade has not properly interpreted the language of the Union.

Q. But I just got through asking Mr. Wade if he went into this thoroughly, and then I said did you go into it somewhat.

A. Yes.

Q. And consulting the executive of the Union, you decided to do this, and he said yes. I have his factual story.

A. But speaking as counsel for the Union I certainly will not be in the position of putting in any such submission, and if so

I will want the question gone into with the executive so that the matter is clarified, because I can only read it as meaning Maritime industry. If it has not been adequately gone into and has to be further clarified, then in the interests of the Union and understanding its position, that is something that will have to be done, and speaking for myself it will certainly have to be done.

BY MR. WADE - The President has just informed me that the intention of the Board was nationalization of the complete industry, and I apparently was under a wrong impression.

BY COMMISSIONER McLAURIN - Notwithstanding the fact that you said under oath that it had not been gone into thoroughly, and had been somewhat, and it was the position of the Union to leave out these other companies, and now you say, notwithstanding that, that you misunderstood what you were told?

A. Yes.

EXM. BY MR. FORSYTHE (continued)

Q. Now Mr. Wade, on the 12th of September you were asked by Mr. Frawley to present the brief of District 26, U.M.W. of A. to the Commission, and you made this statement: "I would like to mention first Mr. Chairman, that this brief is in no way the product of an individual mind; that very great care has been taken to see that it reflects the views and in part the aspirations of the general membership of the Union, and precautions have been taken etc.." Do you wish to qualify that statement in any way now?

A. No.

Q. You do lay great stress in your programme on the participation of the Union as such in the management of the business, don't you?

A. Yes.

Q. And on page 70, No. 12, of the "Main Elements of a Programme" you say "The establishment by the industry of the closest relations with the Union and the participation by the Union in the solution of all problems at every level."

A. Yes.

Q. And you lay great stress on that. Now let me ask you this:

You have said to me that at the level of the underground manager the mine manager, and the superintendent, there is a lack of quality in the employees?

A. Yes.

Q. Now then, have you any officers of the Union, any persons whose training is such as to enable them to, I mean would they be at that level of any higher quality than the people we have? I am speaking of the level of mine managers, underground managers and superintendents. Those are men that are taken from the employees of the company and their background is experience in the mines. At that level the Union participates, and I suppose participates on equal terms of education and experience, would they?

A. That would depend on the education and qualifications on both sides. In some cases they would be on a basis of equality, and in some cases they would not.

Q. But you have suggested that all these mine managers, underground managers and superintendents, should be college trained men, that that is a matter that is needed there; have you not?

BY THE CHAIRMAN - Are you suggesting Mr. Wade that you are making any recommendation to this Commission on the basis that everybody from the underground manager up to superintendents should have some college education?

A. We were not making any sweeping recommendation of that kind. We are suggesting that they at least should be a proportion of trained mining engineers at those levels. It is not for us to say whether there should be 100% of them, or 75%.

BY THE CHAIRMAN - There was a tremendous fight in this country years ago to enable the miners of this country to work up to those positions, and the government was forced to pass legislation to give them that; instead of bringing them over from Scotland or Wales or France to be the superintendents of our mines, the people got together (the ordinary people of this country) and they instituted a means by which those people were able to climb to those positions after having passed the necessary qualifying examinations.

A. We find no fault with that.

Q. Well you recommend that that system should be changed and get engineers. Those men are not trained as engineers, because they are trained as practical miners who understand mining, and they in turn are given the plans of engineers to be worked out by engineers.

A. Would there be any reason why part of their training should not be of a higher or more complex level than today?

Q. It would make it all the more difficult for the ordinary miner to get anywhere.

EXM. BY MR. FORSYTHE (continued)

Q. Mr. Wade was complaining of a degree of incompetence yesterday of our mine managers, superintendents and underground managers, and he said that degree of incompetence arose from the fact that they had not had the technical training of a mining engineer, and his recommendation No. 5 is: "The speediest possible training of mining engineers for positions as mine managers, superintendents, etc." That is right?

A. Yes.

Q. Now in the present executive of the Union how many men have you got with mining engineering training?

A. None.

Q. How many men have ever been on the executive of the Union with mining engineering training?

A. I cannot answer that.

Q. Do you know of anyone?

A. I don't know of anyone.

Q. The background and experience of the officers of the Union with respect to this industry is the background and experience of men who have worked in it, is it not Mr. Wade? Come up through the ordinary pits?

A. Right.

Q. Some miners, and some worked at datal work and so on, I suppose?

A. Yes.

Q. You complain that the lack of training affects the management at the levels of which we spoke, the managerial level?

A. Yes.

Q. And yet you press for the participation of people with exactly the same sort of background and the same sort of training, you press for their inclusion in the industry, for their participation in the solution of all problems at every level?

A. What do I mean by participation? We are not suggesting that the Union should take over the rights of management. Decisions concerning the industry must always remain in the hands of management whether it be publicly owned, privately owned, or what; but there is a very vast difference between decisions being made by management without full discussion and advice from representatives of the employees, and decisions being made with full discussions with employees.

Q. I suppose there are decisions that individuals have to make without consultation with anybody?

A. That occasionally happens.

Q. Does it not happen very frequently in big business?

A. Not having been in big business, I can't very well answer that.

Q. Will you agree with me in this, that a man who seeks to advise upon the conduct of large business should at any rate examine into how large businesses are conducted before he gives his advice?

A. That would be very helpful, I should think. I have done my best. Dosco is not so easy a field for that type of investigation.

Q. That of course is a very easy remark to make, but do you think it is quite as easy to prove?

A. It was not intended as discourteous.

BY THE CHAIRMAN - The miner has to make decisions, and quick decisions, and is responsible for the results of his decisions very often acting alone in the mine.

BY MR. FORSYTHE - Does he not send for the executive of the Union?

BY THE CHAIRMAN - Oh no.

BY COMMISSIONER MORRISON - Or legal counsel either.

BY MR. FORSYTHE - There are very few legal counsel he would get down there.

BY THE CHAIRMAN - They are all afraid?

12:05 P.M. HEARING ADJOURNED UNTIL 2:00 P.M.

2:00 P.M. HEARING RE-CONVENED

BY MR. COHEN - I thought it might be a matter of interest to this Commission, which is of course the Commission of all Commissions sitting on this question, to note that in today's Sydney Post-Record on page 4, under the heading "The Passing Years" "Twenty-five Years Ago" there appears the following news item: "The findings of the Royal Commission which investigated the coal industry have been handed down. They recommended a dollar a day increase for datal men and 25 cents a ton on all tonnage. The Commission found that general living conditions of Nova Scotia miners was "absolutely wretched"." I don't know if Mr. Wade's submission needs any build-up.

BY THE CHAIRMAN - I have that before me.

BY MR. COHEN - There are one or two matters that I think I have to ask Mr. Wade about. First of all with respect to the question raised I think just before we closed, that is as to whether the Union was proposing public ownership of all Maritime mines or merely those of Dosco Corporation, I have asked that the official resolution of the Convention or Policy Committee, or whatever the actual technical term is, adopted on that subject, be brought here and filed with this Commission so that the matter can be made a matter of record. The subject I am informed was dealt with at a convention. But until that arrives, perhaps Mr. Wade can assist us by just clearing up what he was indicating to the Commission when asked about the matter
lunch
before/with respect to the discussion between himself and the executive and their decision as to what should be submitted to the Commission on that subject. Would you mind telling us about that Mr. Wade?

BY MR. WADE - I might say Mr. Chairman that I was, and am,

fully aware that the Union has for some years now gone on record for the nationalization of the entire industry. I was aware of that, and incidentally I might mention as an aside as it were, as my personal opinion, that if any substantial operation of the industry is to be nationalized, it follows that sooner or later the entire industry must be. The confusion in my mind arose largely from a question of interpretation of the wishes and instructions I received from the executive as to the relative urgency of the immediate nationalization of the major operations. That is the urgency of nationalizing major operations as distinct from the small operations, and I wished to be quite sure to present the Union's position most accurately, and I hesitated over the question as to whether the Union was suggesting that the nationalization of every single operator was a matter of immediate urgency, as well as of the larger operations, and I think that is where the error arose.

BY COMMISSIONER McLaurin - Is that what you said?

A. I say I hesitated, and perhaps not as long as I should have.

Q. I didn't think you hesitated. I inquired into it and your instructions were that the independent mines were not to be affected. I think that was quite clear.

BY MR. COHEN - I don't think the witness put it quite as categorically as that. I may be wrong.

BY COMMISSIONER McLaurin - The record will speak for itself.

EXM. OF MR. WADE BY MR. COHEN

1. You have consulted with the Executive during the adjournment and verified the position?

1. I have.

2. Can you now tell us without any concern in your mind, as to whether or not you are accurately reflecting their wishes, and just what their position was and is with respect to the degree of public ownership that should be applied in respect to the maritime coal industry?

1. Their position is that the entire industry must be nationalized.

BY COMMISSIONER McLAURIN - Would that apply to Intercolonial?

A. That would apply to every operator.

Q. Would it apply to Intercolonial?

BY THE CHAIRMAN - At Westville?

BY MR. WADE - It would be a necessity for every coal operator in Nova Scotia, whether or not a member of the Union.

BY COMMISSIONER McLAURIN - You have not made out a case against them. Are you going to condemn them?

A. We are not attempting to condemn anybody.

Q. I am not talking of condemning, but of making out a case of being inefficient. You have stated a case that the Dominion and its officials have been unskilled in their management and has brought it to a point where there should be nationalization, and we may or may not agree with it. We are not quarrelling with the person who presents it, but how can you suggest that these other independents be nationalized and put out of private enterprise until you also make a similar case out against them?

A. I say that our case does not rest merely on the question of the inefficiency or efficiency of any operator here. That is a factor that affects the situation in the Maritimes. But our basic case rests on much more than that. Now if, on the basis of the broad issues that I have already set forth, together with these other issues, one of which you have just mentioned, it is necessary to nationalize the major operators of the Maritimes, it seems to follow, and it is the position of the executive that it follows, as I believe was suggested by Mr. Forsythe or myself this morning, for all practical purposes it will be necessary for the small operators to be nationalized too sooner or later.

Q. You didn't think of that this morning, just in the noon hour?

A. Well I have undergone an examination for a day and a half, and I find one's thoughts don't run as freely at the end of a rather gruelling examination as at the beginning.

Q. I was not gruelling you?

A. No, but Mr. Forsythe was. That is meant as no criticism of Mr. Forsythe.

BY THE CHAIRMAN - It is a compliment?

A. Yes.

BY MR. COHEN - Again the record will speak for itself, but my impression was..

BY COMMISSIONER McLAURIN - It speaks for itself to my satisfaction.

BY MR. COHEN - I am beginning to wonder what is the satisfaction that is so very definitely being exhibited at every indication that perhaps Mr. Wade has not accurately gauged the Union's position, and I want to say that the Union are beginning to wonder just what there is in that satisfaction that is so frequently conveyed, and sometimes not very courteously..

BY COMMISSIONER McLAURIN - Just a minute. Are you being so unmannerly as to suggest that at any time I have been discourteous in these Sittings?

A. I am, Sir, and I have been asked to do so, and I have only done so now because of the remark made that something has been done to your satisfaction. And time and again my attention has been drawn by others to what seemed to be an expression of satisfaction. And I don't think one need labor the fact that anyone appearing before this Commission is desirous of being of as much assistance to the Commission as possible.

Now I was just on the point of stating that my impression was that the witness before the adjournment, in reference to the question of the independent mines, dealt with the question of the timing with which their enterprises would be taken over, and while I thoroughly agreed with the observations made from the Bench that so far as timing was concerned there was no reason for any distinction between any action taken with respect to their enterprises and that of Desco; I would suggest that there may be considerations in the minds of others, even though we perhaps do not agree with them, or even though they may not be well founded. "I would suggest that you take over the major enterprise and see where the others fit in." I would not agree with such a policy. Were there any special features Mr. Wade with respect to the independents that entered into the discussion you had with the

Executive

BY MR. FORSYTHE - When did the discussion take place? Sorry, but I was late coming in.

BY MR. COHEN - The discussions which the witness told of in reply to questions by yourself.

BY MR. WADE - I recall one special case that entered into our discussions and that was of one small operator here who has a very highly mechanized mine, apparently excellently run, and excellent relations with the Union. Urgency of nationalization with a mine like that would not strike one so forcible as in other cases.

EXM. BY MR. COHEN (continued)

Q. Getting away from that, I take it you will secure for us the text of the resolutions or motions dealt with at the Convention?

A. Yes.

Q. Reference was made by Company counsel in questioning you, to increases in wages, increases in the wage rates of miners over recent years. In fact, what increase has taken place with respect to wage increases during the war period?

A. To my knowledge during the war period one increase in wages, viz: \$1.00 a day. Of course, as we all know, there have been Cost of Living bonuses which are not, properly speaking, wage increases.

BY COMMISSIONER MORRISON - There were some adjustments of lower rates, were there not Mr. Wade, over the districts to level up?

A. A levelling-up process, but not a general wage increase.

EXM. BY MR. COHEN (continued)

Q. You were asked by Mr. Forsythe (and I don't think there is anything else I want to question you on) with respect to the statement on page 17 of the Union's brief, and I would appreciate it if you would examine that page, and particularly the last sentence of the paragraph which starts at the bottom of page 16 and ends just before Part 6, on page 17. That sentence reads:

"The coal question in Canada must be determined upon that basis."

Would you care to elaborate on that at all?

A. Yes. I think that that sentence attains its true meaning only in the context of several statements and pages made prior to that statement.

Q. What are those statements and pages?

A. On page 14 the opening paragraph there reads: "We do contend, however, assuming that the Government figures are correct as to the total number who are to be employed if the national objective of employment and income is to be achieved, that we must all base our representations and thinking upon the basis of an economy which employs that number." And that is the basis, as it were, of our whole programme.

Q. What do you refer to there when you say "that number"?

A. The number is referred to previously as nine hundred thousand more people than were employed in 1939.

Q. In non-agricultural employment?

A. Yes.

Q. And that figure was based upon the two documents, the White Paper of April 1945, and the Proposals of the Government of Canada of August 1945?

A. Yes.

Q. You were going on with another reference?

A. Yes. There is another reference on the following page.

"We submit, therefore, that the coal problem, or any other problem directly related to the national economy, must be considered upon that basis, upon anticipated employment of 3,267,000 persons in the immediate post war period. What does that mean in terms of the probable tonnage of coal which Canada will require?"

Q. And then Part 5 goes on to discuss probable tonnage of coal which Canada will require on the basis of a national objective. That is the sequence?

A. Yes.

Q. In these figures then and calculations which you set out in

Part 5, you are then dealing with the probable tonnage on the basis of full employment?

1. On the basis of the type of full employment set out in the policies of the Federal Government.

2. In the White Paper and the ²Proposals of the Government of Canada?

1. Yes.

2. And assuming that the ratios here used supply proper indication, or sufficient indication, and in your opinion I take it the best indication of what that probable tonnage would be?

1. Yes.

Q. I think you do somewhere indicate that these figures are not put forward as conclusive figures except in so far as a programme of full employment would seem to call forth for the required amount of tonnage. Is that so?

1. Exactly.

Q. Would page 16 deal with that?

1. Yes.

2. There you indicate that one cannot fully estimate the differences in coal requirements that will result as a consequence of the particular industries that may be operating in the immediate post war period?

1. Yes.

Q. And that the calculation of $40\frac{1}{2}$ million tons of coal indicates the probable tonnage if in fact the ratio per man employed, or per person employed, per year is a proper indication?

1. In non-agricultural industry, yes.

Q. And I think you told us something this morning about the reasons for taking the year 1939?

1. Yes.

Q. Just so that we can have the record complete on that item, would you mind reading for us the second paragraph on page 13.

1. "If plans, proposals or recommendations concerning the coal needs of Canada are to be put forward in terms which are consistent with this national objective of employment and income,

we must estimate those needs upon the basis of an economy which, in non-agricultural activity, will employ approximately 3,267,000 persons."

2. Now then, what is the basis which in this submission the Union and you are submitting to this Commission as the basis upon which their CALCULATIONS SHOULD PROCEED? The approximate employment as estimated in the White Paper and in the August 1945 Proposals of the Government of Canada, or 3,267,000 persons, or the figure of 40½ million tons probable tonnage?

1. The basis is 3,267,000 persons, naturally.

2. Now is there anything in the Year Book that you and Mr. Forsythe examined yesterday, dealing with employment figures in the year 1911, or in any year previous to 1939, which indicates that those figures were at all comparable as to the groups they include, with the group Non-Agricultural Employment set out in Table 5, page 104, of the Dominion-Provincial Relations Conference document which you refer to here?

1. No, there was nothing to indicate that they are comparable.

BY MR. FORSYTHE - I don't object to Mr. Wade's stating what he thinks about anything, but when he comes to say that there is not anything in a table to indicate that it is comparable to something else, I think the thing to do is to have a look at the book, and if this type of examination is to be followed I will have to go all over that again. The book I had was where various occupations were detailed and it started with Agriculture and listed a lot of other occupations. The first line under "Female Employment" was Agriculture, and it seems to me if you take out Agriculture there is left something comparable to a figure of people engaged in non-agricultural pursuits.

BY THE CHAIRMAN - In his opinion there is not. We will have to look into it ourselves and find out whether there is not. His opinion is based probably upon looking over the table, and he says there is nothing comparable, and you say there is.

BY MR. COHEN - I think the witness suggests that he did not find anything comparable. My friend put that forward on the basis that the figures were comparable.

BY THE CHAIRMAN - You cut off 20% or something for agriculture?

BY MR. FORSYTHE - What I did, I took the total figures of persons employed as shown in those tables, and I deducted from that figure those whom the table showed to be employed in agriculture, and I concluded that that would leave me the persons employed in non-agricultural pursuits. And I only had one year that I could test with the figures used by Mr. Wade, and that showed 23,000 people I think more in non-agricultural than his did. I understood Mr. Wade to say he was not quite satisfied with the reliability of the census classifications. Not that they were not comparable at all.

BY MR. COHEN - When Mr. Wade is asked if they are comparable, it is in terms of classifications. There is no other sense that the question could be put.

BY THE CHAIRMAN - The word "classification" may not have been exactly used, but that is what I understood it to be.

EXAMINED BY MR. FRAWLEY

Q. I want to call your attention to some figures on comparable tonnages produced in Nova Scotia in 1939 and 1944, and to ask you if you have any observations to make on the reasons for decline in tonnage and increase in the mine shifts which these figures will show.

BY COMMISSIONER MORRISON - Where are these figures?

BY MR. FRAWLEY - They will be produced by Mr. Morrison, and I have anticipated that to save time, and I want to put these questions to Mr. Wade. I took these figures out and I will run over them for the record. These show Mr. Wade, that between 1939 and 1944 the Dominion Coal Company produced 1,016,000 tons less and it took 317 more shifts to do it. Old Sydney produced the same tonnage roughly in those two years and took 11,000 more shifts to produce it. In Bras d'Or 20,000 more produced in 1944 than in 1939 and 34,000 more shifts were taken to produce it. In Indian Cove 24,000 tons less produced and there were 6,000 less shifts. At Springhill 16,000 less tons produced and 83,000 more shifts were taken to produce that much less

tonnage. In Acadia 94,000 less tons and 30,000 more shifts taken to produce it. In Intercolonial 26,000 less tons and 12,000 less shifts to produce it. I am afraid I will have to ask you to exclude Intercolonial, because you have nothing to do with the man power there. With that exception, have you anything to say as to, in the opinion of the Union, what is the basic reason for that situation?

A. Well Mr. Frawley there are a number of factors in our opinion bringing about a situation of that kind. Some more important than others, although I will not attempt to assess the relative importance of these factors, largely because I cannot, not having the very detailed data that is essential to any accurate analysis of this situation, and as yet I have seen no evidence that this detailed data has as yet been made available to the Commission. One factor without question is the fact that there are fewer miners, that is to say producers. The other factor is that so many of the younger men with more energy and staying power have left and gone into the army. Another factor doubtless is that some of the newer men may be less skilled than the older group. There is another factor which again is extremely difficult to assess. It is based on general observation and on conversation with the men and Union officers etc. It is the type of thing that it is virtually impossible to prove in a concrete way, certainly not in a statistical way, and that is that there has been a great lassitude (if I may use the word) on the part of management. Apparently a feeling that the problems were becoming so large and difficult, the situation was deteriorating in such a way that there was really nothing they could do about it. They were beginning to feel the task was too hopeless, and that is in our opinion an important factor. Obviously one is left with another important matter, the men themselves. As the Commission has had presented to it evidence on absenteeism, and the Union makes no attempt to deny that that has increased during the recent years.

Q. I am talking about pit shifts, but the fact is 1,016,000 less tons produced and 317,000 more pit shifts were used up in getting that much less tonnage.

BY COMMISSIONER MORRISON - I think there is a lot of merit to what Mr. Wade is saying, that absenteeism is a contributing factor to that. Coupled with his explanation that they are short of producers. If some of those producers are absent from their work and the day wage men are on, it naturally contributes to that picture.

BY MR. FRAWLEY - I would like that to be discussed, what do the day wage men do if the producers are not there?

A. This whole discussion which has been presented here now is something which cannot be discussed in a superficial manner. I am not using that word in any critical sense. One has to get down to very fundamental cases, otherwise one will never be in a position to find..

Q. I will not stop you if you say absenteeism is one of these things. I want you to go ahead and list them. Absenteeism you said was partially responsible directly or indirectly.

BY COMMISSIONER MORRISON - I think he said a contributing factor.

EXM. BY MR. FRAWLEY (continued)

Q. Are there any more?

A. I take it, whether or not it has been officially said before this Commission I don't know, but certainly it has been said very frequently in a public general way, that some of the men are not working as hard as they used to. Naturally such a statement is extremely difficult to support. The way to prove it would be by actual observation and then work out a percentage, such and such a number working as hard as they ever did, and such and such a number not. Let us assume that there is a group of men (personally I am convinced it will be a minority group) who are not working energetically, skillfully and with such speed as they have in the past.

Q. Why is that?

A. That I think is where one gets into the basic cause of the whole situation. On page 67 the Union has set out its point of view on what they term as a person's ability to work. That is the approach we are taking. Not a question of whether a man wants to work or is able to or not. We say here - "But we recognize and insist upon the overwhelming importance of this point, that what is a "normal" day's work in quality and quantity (which any miner will wish to perform) must be determined to a large extent by the psychological and physical condition of the worker." I venture to say that unless that proposition is accepted and full understanding and a solution developed from that proposition, there can be no solution to the coal problem in the Maritimes. The question of the psychological and physical condition of the worker is the whole question in this question of labor productivity, which I take it we are discussing now. "This in turn is largely governed among other things by (1) rate of wage, (2) security of income, (3) community conditions in the broadest sense of the term, (4) relations with management, (5) quality of management." Now I think it is true to say that - let me put it this way - that statement there is incomplete because there is one other factor which can at any rate for some length of time determine the ability or otherwise, or the fact or otherwise, of the worker putting forth his utmost energy, and that is the use of forceful method. If a man is given 3 days a week on which to support his family, he will be forced to put his utmost into those three days work. That was the situation up until the war. Production reached whatever it did reach, 2.2 tons per man day and was maintained at that rate, not by permitting the worker to develop the right psychological and physical condition, but by the club of unemployment and low wages. That is why production was maintained at some reasonable rate prior to the war. It was not because prior to the war the workers were anxious and willing to go to the mines and dig coal, and suddenly during the war they were no longer anxious, but they had to go. Now the war comes along and there

is a small wage increase, or a wage increase (we will not calculate about the size of it). There is work available. What will happen to any human being who has spent his whole life in poverty, insecurity and fear, who has led a thoroughly suppressed existence, what will happen to him when for the first time he gets some measure of freedom, where he can actually say to himself if I don't go to work today my family will not starve? I don't think there is a man in this room, or in Canada, who, under those circumstances is not going to find the temptation to use that freedom. It is not a question of absenteeism, or that the miners didn't care whether the coal was produced or not, or what happened to the war. No one can say the Englishman didn't care, and precisely the same situation exists there as here, and for the same reasons. For the first time in the history of the coal mining industry there the men had some measure of freedom and security, and precisely the same situation occurred in the Maritime coal industry here. Possibly I could expand on that if you wish to ask me questions.

Q. You say deteriorated labor relations had something to do with the fact that it took 317,000 more man shifts to get out a million less tons of coal?

A. Definitely. What would have been necessary to have increased labor productivity during this war? Supposing the men were assured that they would have full employment, not only during the war but after the war, and good wages after the war; supposing they were assured they would be asked to make a greater productive effort in the coal mining industry without leaving a thousand and one factors to management, that is to a group of people outside of their control, supposing they had been assured of those things, you would have found a different situation.

Q. You think they would have got out more coal?

A. Yes, certainly.

BY COMMISSIONER MORRISON - Did I understand you to say that the department in which these men had to work three days a week in order to keep themselves and families from starvation was such a high temple that they would not continue that temple

at five and six days a week?

A. That is a factor which I did not mention, and should have.

As I did mention this morning, the men have been accustomed to working for years, and some for their whole lives, either 5 days or less than 5 days a week. All of a sudden they are asked to work six days.

Q. You are ascribing a lot of these troubles to the low wages in Cape Breton in pre war years?

A. Yes, and to social and community conditions here.

Q. If you have low wages those things are bound to follow?

A. Yes. And to the relation with management.

EXM. BY MR. FRAWLEY (continued)

Q. You said the quality of labor in the pits during the war was of necessity not as good.

A. I didn't put it quite like that, not as strongly as that.

BY THE CHAIRMAN - I think you should put it much stronger.

BY MR. FRAWLEY - You did say that after some of the miners enlisted, that their places had to be taken by men less skilled?

BY COMMISSIONER MORRISON - Like putting a layman in to cross-examine Mr. Wade instead of Mr. Frawley.

BY MR. WADE - That is the information I had.

EXM. BY MR. FRAWLEY (continued)

Q. So that the men, while doing their best, their skill didn't allow them to get out as much coal? That is why we have this remarkable situation?

A. Yes.

BY THE CHAIRMAN - I know the Halifax docks were scoured one day, they took a crowd of men there and put them in collieries that had never been in a colliery before. That was not the fault of the Company or the men. It was forced on them.

BY MR. FRAWLEY - And I am told the men were frozen in their jobs?

A. Yes.

Q. That certainly was a predicament for the company from the point of output per man day?

A. Yes. As is well known from army medical tests, the younger generation that went through the depression prior to 1939, their

work was partial employment, and they were found to be in a fairly serious state, in low categories. There can be no question in view of the serious unemployment that existed in the war times that the young fellow reaching the ages of 40 and 41, going into the coal mine would be physically unable to do the kind of work as he could if he was in good health.

Q. But I took your statement that a considerable proportion of the miners deliberately didn't turn out as good a day's work because of this deterioration.

A. I didn't use the word "deliberately". I am saying that the quantity and quality of the man's work is largely determined by these conditions mentioned here, and the conditions I described verbally, but it is misleading to say that a man deliberately does not work. He is not in a position mentally and physically. Our actions are determined to such an extent for us. Whether Mr. MacKenzie King for example does a good job would depend on a whole host of circumstances.

Q. You say that the men, because they were slaves to their environment they were unable to do a full and complete day's work as had been the situation before the war?

A. I said that because of the mental and physical suppression under which these men have lived, that when they got a measure of freedom during the war it was only human to take some of that measure of freedom and use it.

Q. Have you referred to staying away from the pit?

A. It is the same thing, whether you decide to run or walk to your job.

Q. But there was a degree of absenteeism even though they were in the pit?

A. I have no evidence on that.

Q. That is perhaps an unfair deduction?

A. I would conclude that on how I would behave, and I might find myself taking off 10 or 15 minutes in the pit.

Q. It would be difficult for you to estimate how much of this

situation is due to that?

A. We have not that detailed survey that should have been made.

Q. One more thing I want to put to you, Do you think the fact that it took so many more shifts to get out that much less coal could have been due to the fact that although the men were in the mine they were not engaged in getting out coal?

A. I have no evidence on that; but again basing it on my ideas of how I, or any other human being would behave, it would not surprise me to find that some men would behave in the manner you describe.

Q. I mean men not just soldiering on the job, but men put to other work than getting out coal?

BY COMMISSIONER MORRISON Improper ratio.

BY MR. FRAWLEY - Putting men on development and having it charged up to cost of coal.

BY COMMISSIONER MORRISON - Or better maintainance of the mine during war time by the company.

BY MR. FRAWLEY - Or deferred maintenance. Do you know anything about that at all?

A. (No answer)

(page 3718 follows)

BY MR. FRAWLEY: Mr. Chairman, Professor Douglas has no written submission. He is going to make some remarks orally. I understand, Professor Douglas, you are the professor of geology at Dalhousie University?

PROFESSOR G. VIBERT DOUGLAS: Yes.

Q And you are here on behalf of the United Mine Workers of America, District 26?

A Section 3.

BY MR. COHEN: Sub-section 3.

BY COMMISSIONER MORRISON: Don't you call it sub-district in this part of the world? Keep the record straight, that's all.

PROFESSOR DOUGLAS: Mr. Chairman and gentlemen of the Commission: The remarks which I am going to make, which will be as brief as possible, refer solely to the Pictou field. It does not refer to other fields because it was with regard to the Pictou field that I was asked to present this statement. The purpose of my appearing here is to present and to support the contention of the United Mine Workers of America, sub-section 3

BY MR. COHEN: Sub-district 3.

PROFESSOR DOUGLAS: Sub-district 3, I beg your pardon, that the Pictou field has been inadequately mapped. Now mapping is absolutely fundamental to the estimation of reserves of coal in any area, and the estimation of the coal reserves of the area is a matter which is of vital importance to those who live in that area.

Now if you will allow me to refer to some of the submissions, the submission by the Dominion Steel and Coal Company spoke of the reserves in the Pictou area. They state that it is--

BY MR. FORSYTH: Page, please?

PROFESSOR DOUGLAS: Page 81 (Exhibit 58) Dr. Gray's brief. They say that they will not give any figure on the coal reserves because of their inability to do so due to the statement by Dr. Walter Bell, of the Geological Survey of Canada, which I will refer to afterwards. In the submission by the Department

of Mines of Nova Scotia, page 23 (Exhibit 46) Table 2, the Pictou field is given a probable tonnage--Dr. Alan Cameron in giving the tonnages there has used the two terms "probable" and "possible", "probable" having a very definite definition given on the previous page, page 22--and "potential", and he gives the probable tonnage of the Pictou area as 47,000,000 tons.

BY THE CHAIRMAN: Did he deal with the actual?

PROFESSOR DOUGLAS: Well, sir, they don't use the word "actual". They use the words "probable", "possible" and "potential", and perhaps I had better read the definition.

BY THE CHAIRMAN: You needn't mind.

PROFESSOR DOUGLAS: The definition of the word "probable" is given on page 22, sir. Now in the report of which you were the chairman, the report of the Royal Commission on the Acadia Coal Company, 1937-38, published in 1939, on pages 18 and 19 the following figures are given, that in the Pictou field the report of Dr. George Rice, who was retained as a mining consultant to the Royal Commission. Dr. Rice's figures were: Recoverable marketable quality coal of only 13,608,000 tons, and he adds another 32,000,000 tons.

BY MR. FORSYTH: What do you mean by that?

PROFESSOR DOUGLAS: As possible and probable reserves.

BY MR. COHEN: Who adds?

PROFESSOR DOUGLAS: Dr. Rice. He further goes on to say that at the rate of production in the Pictou field that would give a life of from 35 to 40 years. Now, sir, if you take Dr. Cameron's figure and you take the figure from the submission of the Dominion Steel and Coal Company, its output which averages 405,000 tons per year for the last so many years--it is here somewhere or other--that would give a life of something over 100 years, and the United Mine Workers of that district feel that it is imperative to be able to think in more definite terms. They want to be sure of the discrepancy in those two figures, whether they are faced with a future economy based on coal of 35 to 40 years or whether they have a future

of 100 years.

Now, sir, in the same report, that is the report by Dr. Rice, the report of the Royal Commission, on page 40, Recommendation 9, which is a summary of the principal findings of the mining engineer, there occurs this paragraph: "He recommends (he being Dr. Rice) as a first step that a series of special maps be made, say in 2,000 foot scales for each coal bed, and profiles say 500 feet apart on a scale of 100 feet to the inch, vertical and horizontal, and on these plot all available information on the thickness and elevation of coal, and on the maps showing only the outlines of the principal levels and sinkings." Well now, the outcome, presumably the outcome, the only answer to that definite recommendation ---

BY THE CHAIRMAN: The Commission recommended his recommendations?

PROFESSOR DOUGLAS: Yes, sir, I think they did, sir.

BY THE CHAIRMAN: Which met with the usual ---

BY MR. FORSYTH: Bureaucratic inertia is the word.

PROFESSOR DOUGLAS: Here we are, on page 16, sir: "The Commissioners find no reason to take exception to any of the principal findings of the mining engineer." The answer to that finding was this map produced by the Geological Survey of Canada. It is a very fine bit of work by Dr. Walter Bell, but the scale is one inch to 2,000 feet, and our plea is, and our contention is that it is utterly inadequate from the point of view of estimating reserves. In the report which accompanies this map, a report by Dr. Walter Bell, quoted also by Dr. Gray in his submission, he states as follows (Chapter 4, Economic Geology, page 65. This was published in Ottawa in 1940):

"On account of the extreme variability both in thickness and quality of the coals of this coal field within short distances, the writer believes that estimates of reserve tonnage of workable coal would in most instances be so subject to error as to have little value."

Now, sir, there is a famous dictum ---

BY THE CHAIRMAN: Did Bell make an actual survey, the survey suggested?

PROF. DOUGLAS: No sir, he didn't make the survey suggested. He made a survey, which our contention is, to the scale he did the mapping is a most excellent bit of work, but it is not the scale that should have been used in a field which is as complicated as the Pictou field. Now there is a famous dictum in geology ascribed to Professor Lapworth, that where difficulties arise in geology they can in most cases be solved by intensive mapping. That is, that if a scale of one inch to 2,000 feet is inadequate, as Bell himself admits, as Dr. Gray admits, then it is possible that a map on the scale of one inch to 100 feet might be adequate to give the story.

My interest in the thing came through a request by the United Mine Workers of America, personally through Mr. Munro, asking me last January if I would go to New Glasgow and see him, and I went there and we endeavored to get the information to make an estimate for the United Mine Workers on the reserves of the Acadia Coal Company, and we were not successful in our endeavors, and therefore, Mr. Chairman and gentlemen of this Commission, we are asking that the recommendations of the former Royal Commission regarding intensive mapping be carried out, and that the maps and data accumulated be made available to all concerned, including of course the members of the United Mine Workers of America. Thank you, sir.

BY THE CHAIRMAN: When you say that you failed to get certain information, was that the company, the Acadia?

A Yes.

Q Well, that same information was available to you and the public in Halifax, the Mines Department.

A Well, sir, it was a Saturday that I was at New Glasgow. On Monday I went to the Mines Department and there saw a large composite map which in my opinion was absolutely inadequate. It was useless as far as we were concerned to make any estimate of the tonnage.

Q I know, but every map that would be available to you at the Acadia Company's office would also be available to you in Halifax.

A Well, sir, I failed to find it.

Q I mean to say, it is bound to be.

BY MR. FRAWLEY: Is that so now? I am assuming that the Chairman is quite right. Every single map that Mr. Gordon's people make in Stellarton, a copy goes to the city of Halifax?

BY MR. COHEN: Should go.

BY MR. FRAWLEY: That's right, Mr. Gordon?

MR. HAROLD GORDON: All our main plans are available in Halifax and a great many other plans of the Pictou field have been given to the Department of Mines at various times. Records of bore holes and other prospecting have been made available to Dr. Bell and other geologists and they are on record in their reports which are all available in Halifax.

BY MR. FRAWLEY: Was there some particular thing that you wanted that you didn't find after a search in Halifax but that was in Stellarton if you had been given access to it? That is what I am troubled about.

PROF. DOUGLAS: Well, the answer to that, sir, is we don't know what is in Stellarton.

BY THE CHAIRMAN: I may be to a certain extent responsible for this situation. I remember we were down here at the time and somebody--I don't know, Mr. Gordon or somebody else--came to me and asked me if you were in the service of the Commission for the purpose of getting evidence or making a brief, and I said no, I didn't think so. They said, "He is looking to get some plans, or to see some plans that we have in our department there." "Well," I said, "it would be far easier for him to get them right in Halifax where he is living." So it may be, while it can't be said a refusal on the part of the Acadia Coal Company, perhaps I was wrong in the whole thing, my fault you weren't given everything that day there, but I still think every map and every plan that would

be available to you in the Acadia Collieries office should be, and I am sure they are, available and open to inspection in the Halifax mines office.

BY COMMISSIONER MORRISON: Mr. Gordon didn't say so.

BY THE CHAIRMAN: Well, he mentioned all the plans and surveys.

BY COMMISSIONER MORRISON: He didn't say that each and every map that he has in his office in Stellarton is in the office in Halifax.

BY THE CHAIRMAN: I quite understand one thing. If the Acadia Coal Company goes out and makes a bore hole in some wilderness and the plan shows they discovered coal there, it certainly would not be much in their interests to make that available to the world, because everybody who owned a foot of land there would be getting an option on it.

BY MR. FRAWLEY: I am in this position. The Commission is entitled to have this information laid before it. If the United Mine Workers of America have gone to the trouble and expense to retain Professor Douglas for the purpose of getting information on the Pictou field, which is certainly going to be a problem to the Commission, I think we should see that every assistance is made available.

BY THE CHAIRMAN: What Mr. Douglas is recommending is that we should recommend a geological survey of the Pictou area?

PROFESSOR DOUGLAS: Yes.

BY THE CHAIRMAN: And there are very many other parts of this province where the same thing should be done, because if there is anything inaccurately known it is the reserves of coal in this country.

BY MR. FRAWLEY: It is not then that at the moment you are anxious to be given access to any further information or material at Stellarton?

PROF. DOUGLAS: Well, sir, I think the answer to both those questions is yes. I mean, I think the people down there are entitled to know what the future life of the Pictou field is as soon as it is possible.

Q That involves making a survey which the Chairman has suggested?

A Yes.

Q But as to your problem at the moment, do you still want to go back and look at some of Mr. Gordon's plans to enable you to complete your observations?

A Not unless I am definitely asked to go back.

BY MR. COHEN: Asked by whom?

A Well, by anybody; it doesn't make any difference who.

BY MR. FRAWLEY: You have now said that you would like the Commission to recommend that the Pictou area be thoroughly and carefully mapped in a better way than Dr. Bell has done?

A I don't like that wording. I don't think you could say a better way; more intensively.

Q Perhaps that is your complete position and there is no need for you, on your own account, digging up any further information?

A No.

Q Well then, I think we understand each other.

BY THE CHAIRMAN: Did Dr. Bell's investigation there add anything to the general knowledge of the reserves of coal in Pictou County?

A Well, I think that would be a difficult thing to say, sir.

Q Well, wasn't that what he was appointed for?

A No. He was writing the general geological history of the area.

Q He wasn't trying to ascertain what the coal reserves were at all?

A Well, that was just incidental. That was just one chapter in his report.

BY MR. FORSYTH: Have you yourself, Dr. Douglas, made any investigation of this problem?

A Underground there, sir, no. I have never been underground.

Q Have you any reason to believe that Dr. Bell is wrong when he says that "on account of the extreme variability both in thickness and quality of the coals of this coal field within short distances, the writer believes that estimates of re-

serve tonnage of workable coal would in most instances be so subject to error as to have little value."

A I imagine that that is perfectly sound considering the scale on which he worked, but what I do further say is that if you increase the size of the scale, well then, you can make an estimate of the reserves in that area.

BY COMMISSIONER McLAURIN: What does that mean?

A I mean the scale on which Bell worked was one inch to 2,000 feet.

Q I know that. The scale is a matter of drawing; could be made anything, couldn't it? I take it that if you start increasing the scale and that sort of thing that means more intensive field notes?

A More intensive field detail.

Q That is what you mean?

A Yes. Supposing you had something, say this table, and there were a lot of complications on it, and you mapped that on one inch to 5 feet you would be able to show most of the detail, but if you mapped it on one inch to 2,000 feet you would show very little detail.

BY MR. FORSYTH: Your view is that the first thing you ought to have is a map on the scale suggested in Dr. Rice's report to the Royal Commission on the Acadia Coal Company?

A Yes.

Q That is the first thing you want?

A Definitely.

Q And until you get that you are not in a position to further test Dr. Bell's statement about the value of an estimate of the coal reserves?

A No. I should imagine that is quite right.

DR. LEWIS E. YOUNG. Examined by Mr. Frawley.

Q Dr. Young, you have been retained by the Commission to prepare a report upon the Nova Scotia coal mining industry?

A I have, sir.

Q And you have prepared such a report and you are here today to present it?

A I have.

Q For the record, will you state your qualifications for undertaking this kind of work?

A I am a graduate mining engineer, a registered professional engineer in the State of Pennsylvania, a member of the approved mining engineer societies, including the American Institute of Mining and Metallurgical Engineers and also of the Canadian Institute of Mining and Metallurgical Engineers. I have served in various capacities in the mining profession in the United States, part of the time in educational work; some work with the Iowa and Illinois geologic surveys, some work with the United States Bureau of Mines in the war of 1918, and during the present war I was sent by the Commission of Economic Affairs to London, England, for a brief period of service in connection with work they were doing with the British Ministry of Fuel and Power. Since 1918 I have been engaged more actively in operating problems of the mining industry, having been in the Middle West until December 1926 in charge of probably the first large mine in Illinois to be completely mechanized, and went to the Pittsburgh Coal Company as production vice-president in 1927. I continued with the Pittsburgh Coal Company as production vice-president until 1939, at which time I undertook consulting work and have been carrying on as a consulting mining engineer in Pittsburgh in my own name since 1939. While with the Pittsburgh Coal Company I had entire charge of their coal mining operations, part time under union control, the latter years under union control and the prior years non-union, so I had

experience with both types of management. During that time we employed something over 12,000 men and our maximum production got up to 65,000 tons a day. I think that is all I need to say.

Q All right, Dr. Young. Now will you proceed to tell the Commission what you think about this industry?

A Well, how do you wish me to proceed?

Q I think we will have to do pretty well as we have done with others, just read it into the record.

A I don't need to read the letter of transmission, do I?

Q No, except that you might want to mention the help you got.

A Yes. I wish publicly to acknowledge the help I have had from the various departments of the Dominion and the Province and all the officials of the United Mines Workers, District 26, the citizens of the community. I also wish to acknowledge--I will read this paragraph:

"It is proper, also, that I express my appreciation of the action of the Commission in securing a brief leave of absence for Mr. H. R. Wheeler, who has been serving as mining consultant for the British Ministry of Fuel and Power. On account of Mr. Wheeler's extensive knowledge of mechanized mining in Britain and in the United States, his advice on the mechanization of Nova Scotia mines should prove very helpful.

"The executives, officials and operating personnel of all the mines have been very considerate and helpful and have made it possible for me to cover considerable territory and see representative operations. They have responded fully to all my requests for information and I appreciate greatly their hearty co-operation."

Exhibit 202 - Report by Dr. L. E. Young on
Nova Scotia Mines

DR. YOUNG proceeds to read Exhibit 202:

In inspecting the Cape Breton mines, an effort was made to gain as much knowledge as possible of

1. The physical conditions, - such as

(a) thickness, general character, and pitch of the four coal seams now being worked,

(b) the character and uniformity of the roof and floor,

(c) the uniformity of the coal seam, roof, and floor over large areas, including the occurrence of "lags", or undulations in the coal seam, as well as

(d) the frequency of "gashes", or clay veins, that may make mining conditions difficult, and

(e) the splitting of the coal seam by partings, or bands of inferior coal, shale, or stone.

2. The general methods of mining and the suitability of the present methods for the physical conditions in the areas visited.

3. The type of the underground equipment installed, the adequacy of the equipment for the work being done, and the operating condition and state of repair of the equipment.

4. The adequacy and maintenance of the power distribution systems and the reliability of the power supply.

5. The general condition of the mine openings, slopes, entries, tunnels, airways, headways, etc.

6. The general condition of the working-sections, such as typical longwalls, rooms, and pillar lines.

7. The distribution and use of mine supplies and recovery of material that should be salvaged.

8. The adequacy of mine ventilation, and pumping and drainage facilities; the handling and use of explosives, the adequacy of rock dusting; the facilities provided for hauling men underground, and the safe maintenance of such facilities.

In any survey of a group of coal mines, the general character of the coal seams, the physical qualities of the roof and floor of the seams, the presence of gas and water, and many

other physical factors are obvious. The character of the surface plant and underground equipment, the suitability of the equipment for the job to be done, the extent to which effort-saving devices are employed, and the application of mechanical and electrical power can be observed. It is more difficult, however, to appraise management and the overall efficiency of the labor employed without intimate acquaintance with the operating properties, and the only method that can be followed is to judge by the results secured, such as the earnings and the productivity of the employees, the operating costs, the financial position of the company, the physical condition of the mines and plants, and the demand for and the marketability of the product.

In order to secure as much first-hand knowledge as possible in the time available, all the large mines in Cape Breton were visited, as well as the mines in the Pictou field, at Springhill, and in the Joggins area. The list of mines and the number of visits underground follows:

<u>Company</u>	<u>Mine</u>	<u>No. of Visits</u>
Dominion Coal Company	No. 1B	2
	No. 2	2
	No. 4	3
	No. 11	1
	No. 12	2
	No. 16	2
	No. 18	1
	No. 20	2
	No. 24	2
	No. 25	2
	No. 26	1
Old Sydney Collieries	Princess	2
	Florence	1
Bras d'Or Coal Company	Franklin	2
Indian Cove Coal Company	Did not go underground	
Total Underground Trips in Cape Breton		25
Acadia Coal Company	Albion	1
	Allan	1
	MacGregor	1
Greenwood Coal Company	Did not go underground	
Inverness No. 5		1

<u>Company</u>	<u>Mine</u>	<u>No. of Visits</u>
Margaree Steamship Company,	Inverness	Did not go underground
Intercolonial Coal Company		1
Cumberland Railway and Coal Company, Springhill	No. 4	1
	No. 2	1
Joggins Coal Company	Bayview No. 8	1
Hillcrest Mining Company	Did not go underground	
Standard Coal Company	Did not go underground	
Total underground visits in Nova Scotia - 33		

SECTION II

GENERAL STATEMENT

The extent of the productive coal measures in the Cape Breton Area has been the basis of careful studies by qualified geologists and geological surveys for many years and all information that can be secured has been compiled with regard to the probable extent of the coal beds in the submarine area. The quality of the coal in the several beds has been determined by numerous tests by qualified persons and the suitability of the coal from the several beds for various purposes has been studied in the Government research laboratories, as well as in the laboratories of the producers and users of coal. Detailed descriptions of the plants of the various mines have been recorded from time to time and elaborate historical reviews of the mining practices are available in the proceedings of Canadian technical societies and in the engineering journals of Canada and of the United States. The production records through the years have been published in the official reports of the Province and of the Dominion. A review of the foregoing subjects appears at this time to be unnecessary.

The problems of the bituminous coal mining industry have been presented to this Commission and to Commissions appointed at earlier dates. These problems have been accentuated at times by war conditions, labor disturbances, and critical competitive

situations, resulting at times from surplus coal production in the United States and European countries, the availability of shipping to move foreign coal into natural Canadian markets, competition from petroleum, and general industrial depressions.

With the termination of the War and the probable disappearance of some of the problems which have interfered with production, it would appear that the Commission would be interested primarily in the post-war problem of finding ways and means to establish the industry on a long-range, sound, competitive basis and in formulating programs for reaching such a goal without disastrous effects on the communities affected in the process of arriving at such a self-sustaining basis of operation.

Many of the large mines have been operating for a number of years; many of the employees reside in the neighborhood in homes which they own. The desire to avoid destroying the value of these properties and the business communities that have developed in the course of years, has been presented to the Commission and merits most serious consideration. With all-the-year-round modern, convenient and rapid transportation facilities, the most serious objections that have been raised against the closing of old mines should be answered, providing employment is found for the men at nearby mines.

A number of other coal fields have struggled to overcome difficult physical handicaps and most severe competition. In the United States during the last twenty-five years, the underground mines of the bituminous coal industry have had to struggle for their very existence on account of the terrific competition with coal from open-pits, with oil, and with natural gas. Whole mining communities were facing starvation for their workers, and - on account of the defaulting of taxes by insolvent mining companies - public school terms were shortened, highway maintenance suffered, and public institutions of all kinds did not receive normal support - all on account of the desperate condition of the mining companies.

The mine workers, the communities, the churches, the service clubs, - everyone realized that the critical situation could be met only by a study of all the remedies that were available, by an agreement on a program, and by whole-hearted co-operation of everyone in applying the remedy that was believed to be the most practical and the most effective. In the United States this remedy was the modernization and the mechanization of the mines. This program of the bituminous coal mining industry of the United States was supported whole-heartedly by the officials and the rank and file of the Mine Workers. It was successful and it contributed very largely to the splendid production record of the United States coal industry during the War.

It is obvious to everyone that any program for re-equipping or re-tooling a plant or industry, or of introducing new methods, can succeed only if the management and the working force are both committed to make the new tools and methods work successfully. Any program to install new equipment in Nova Scotia coal mines can succeed only if all interested parties in the community, as well as the coal miners themselves, realize that the prosperity, in fact the very existence of the community depends on the whole-hearted support of such a program from its inception. The self-respect of the community in its desire to improve continually the standard of living of its people is challenged by any program that is submitted fairly and reasonably.

The present critical situation in the British coal industry has been studied by leading British mining engineers and they agreed on a program of modernization and mechanization. The first work on this program was started about two years ago and while progress has been slow on account of the War, encouraging and satisfactory results are being secured at a number of mines. The new British Government has pledged itself to rehabilitation of the British coal mining industry. This British program is not directed solely at mechanical loading of coal, for at some of the British mines the physical conditions

may not be favorable for mechanical loading. In many instances, chief objective is to reduce the costs of hauling, hoisting, and handling the coal at the bankhead.

In March, 1945, in presenting the Miners' Case for the British National Union of Mineworkers, the Secretary of the Union called attention to the fact that,

".... the number of faceworkers engaged in the British mines is only 37 per cent, as against 63 per cent engaged in other work. Travelling long distances underground is a waste of energy and unproductive. It is quite clear from the above that coal production in Britain can only be increased to meet the full requirements of this country (Britain) if the existing pits are completely reorganized and have applied to them the most up-to-date methods and equipment, and provided we have new and properly laid-out pits and a complete transformation of the number of workers engaged at the coal-face."

He stated further,

"With the introduction of increased mechanization and reorganization, greater technical skill will be required from the miners. This, in our opinion, requires a policy of extensive training for all entrants into the industry. There should be a national scheme for training youngminers covering every part of the coal-field. Full-time training should be provided. In addition to the training of entrants there should be a national scheme for the training of miners to undertake all forms of work at the coal-face."

In considering the technical possibilities and the future of the Cape Breton field, certain questions must be asked by the mining engineer or certain assumptions must be made. Among these questions are the following:

1. What quality of coal from this field can be sold in the post-war period? The answer given to this question was, "The same quality we sold in 1939."

2. What tonnages of this quality of coal can be sold in the post-war period? This question cannot be answered completely at this time.

3. When prices will control in the competitive markets? This question also cannot be answered at this time for the answer depends very largely on whether there will be a system of price-control in the bituminous coal mining industry of the United States.

4. What tonnage per man day must be produced in order to secure competitive costs? Obviously, a substantial

improvement over the present tonnage will be necessary.

5. What additional plant and what additional capital for such a plant will be required to meet competition with oil and with United States and European coal?

6. How soon will such additional capital be required?

7. Can this investment be justified?

Problems of Cape Breton Mining

The problems of Cape Breton submarine mining already have been presented to the Commission and discussed at length. The pioneering work in submarine mining done in the Cape Breton field has attracted world-wide attention and at the present time there is probably no other submarine coal mining field in the world covering such a large area and on which the future of such a large community depends.

The following data indicate how severe and difficult these conditions have become in 1945:

Seaward Extension of Cape Breton Mines

(Along Deep Extensions)

<u>Colliery</u>	<u>Distance from Shore Line Feet</u>	<u>Distance from Entry Feet</u>	<u>Elevation below Sea Level Feet</u>
No. 1B	19,700	20,400	1730
No. 2	15,500	19,200	1900
No. 4	14,500	20,000	1680
No. 12	7,600	10,800	2290
No. 16	6,000	10,700	2150
No. 20#	10,700	13,600	1150
No. 24	1,400	10,000	880
No. 26##	12,600	13,300	590
Princess	13,800	14,600	1780
Florence	13,000	16,700	1400

Tunnelled from No. 2 Colliery

Tunnelled from No. 1B Colliery

It is recognized generally that, considering quality and marketability of coal, the real future of the Cape Breton field depends upon the solution of technical and operating problems and efficient production from the submarine area.

In his submission before this Commission, on Physical Conditions and Development of the Sydney Coal Field, Mr. T. L.

McCall, General Manager of the Dominion Coal Company, said,

"The future is not expected to bring problems which, from an engineering standpoint, might prove insurmountable. The economic aspect is altogether different from that of pure engineering; it will set the limit (distance from the shore line and depth) to which the field will eventually be worked."

With this statement I agree. The engineering problems can be solved if additional capital is available and if markets can be found for the product, considering the necessary costs with efficient operation.

In comparing the mining plants and the mining methods of the Cape Breton area with those in the United States, several salient points are evident. A detailed statement comparing the bituminous coal mining operations in the United States with those in the Cape Breton area have been presented ably in a submission by the General Manager and Chief Engineer of the Dominion Coal Company. In the same submission reference was made to the periods in the development of submarine coal fields. Repetition of these is unnecessary, but certain of the most essential factors should be emphasized, particularly as they affect the historical development of mine plants and mining methods.

Most of the bituminous coal mines in the United States have relatively a short life. The cost of opening them is generally not excessive. The beds usually are flat and the bulk of the production is secured from mines operating only at shallow depths. There is no longwall mining, but there is a small amount of modified longwall in certain fields. The established system of mining is room-and-pillar and in some fields the pillars are not recovered. Due to the severe competition which began some years ago in certain fields between the open-pit mines and underground mines, it became necessary to take radical steps in order to secure substantial reductions in the cost of production in the underground mines; otherwise, these mines would have had to close and many thousands of mine workers would have lost their jobs and, in many cases, their homes as well.

With high freight rates and sharp competition among the companies producing coal from underground mines, and with competition with petroleum and natural gas, there has been a continuing drive to increase production per man day without reducing wage rates. As a result of the most careful studies, it was determined that the technical possibilities of the use of effort-saving equipment and of mechanical loading devices would be the most logical and effective ways to attack the problem. Fortunately, many of the early efforts of mechanization were successful. Careful consideration was generally given to the local manpower problems incident to the effective application of the new equipment and the modernization of the mine plants.

In some instances, old mines in the United States could not be changed sufficiently to take the new equipment and some of these were abandoned. In many more cases old mines have been modernized. All of the new mines that have been opened in recent years have been completely mechanized and equipped with plants suitable for the preparation of mechanically-loaded coal. These facts are recited in order to emphasize the point that most United States coal mining fields have not had to contend with the severe handicap of installing underground mechanization where shafts, slopes, and hoisting equipment, and other mine plants, cannot be changed readily to meet the new conditions.

BY THE CHAIRMAN: Will you pardon me one instant, Doctor? What do you mean - I suppose I should know - what do you mean by a fully mechanized mine?

DR. YOUNG: Well, I mean with mechanical loading devices as well as cutting, drilling, everything done by machinery.

BY THE CHAIRMAN: Hauling?

DR. YOUNG: Yes sir. Fully mechanized to me means loading as well as all the other operations with power equipment.

(Continues brief):

Moreover, mining at depth in the Cape Breton field has resulted in the universal use of longwall mining and complete

extraction. This has brought about concentration of work which under existing conditions is very desirable. The remaining coal, at depths less than 1000 feet, is being mined by room-and-pillar methods, but the life of such shallow areas is rather limited and the long range program of mechanization lies in the submarine areas, rather than in the areas in which room-and-pillar methods are now being employed.

The mechanical loading machinery and methods used in the United States were developed for room-and-pillar mining and primarily for work in flat beds. The high tonnages produced per man employed at the face in the United States mechanized mines cannot be used as a basis for setting up estimates of possible production under Cape Breton submarine conditions. Not only are the depth and pitch of the coal beds handicaps, but there is also the problem of the introduction of electricity in place of the less efficient compressed air.

When the first installations of mechanical loading devices were made in the United States mines, considerable difficulty was encountered in training men for the new work. It was also necessary to train the mine electricians, the mechanics and the supervisory forces who were to direct this work. After a long period of years, a large number of men have been trained for all phases of the work and with approximately one-half of the underground production coming from mechanized mines, there are a large number of men who prefer employment in the mechanized mine to loading coal by hand in the old-type mines. No such pool of labor and preference for work in mechanized mines exists in Nova Scotia and if mechanized mining is inaugurated, it will be necessary to train the men for all classes of work involved in mechanical loading.

It has been pointed out briefly that mine plants, physical conditions of the seam and underground mining practice, as well as the lack of experienced labor, would all be handicaps in developing any mechanization program in Cape Breton.

It is fair to assume that when an adequate labor supply is again available, there will be a sufficient number of men who will go to the face as producers both in the room-and-pillar mines and in the longwall mines, and that the output per man day and the overall efficiency of the mines and plants may be expected to approach the figures for the period immediately preceding the War. During the War there has been increased production from the mines of the United States. In many instances there has been a substantial improvement in production per man day and there will probably be a continuing increase both in the volume of mechanically loaded coal and in the output per man day. A study of the production statistics of the United States shows there has been an average annual gain in mechanical loading of 5 per cent and it was forecast that, except for the retarding of the installation of equipment during the War, the amount of mechanically loaded coal from underground mines would have reached 85 per cent in 1950. This indicates even more serious competition with those fields in the United States which are mechanized and which in the pre-war years were supplying coal to those markets normally considered the logical place in which to market Cape Breton coal.

It should be noted that the coal sold commercially from the Cape Breton field competes particularly with coal from the highly-mechanized Fairmont Field of Northern West Virginia. This latter field has mining conditions unexcelled in the United States. The coal beds are substantially flat and easily accessible. While the mines are gassy, permissible electrical equipment is used and the problem of delivering a large volume of air to all the working places is not nearly as difficult as it is in the submarine mines of Cape Breton. The mine cars used in the Fairmont District generally are large, haulage costs are low, the outside labor force is kept at a minimum. The field has been mechanized for some years, and the labor force is efficient and co-operative.

In order to indicate the importance of the Fairmont Field

and its favorable position as a producer of low-cost coal, the official 1944 production figures for the three most important counties comprising this field are presented herewith:

	<u>Harrison County</u>	<u>Marion County</u>	<u>Monongalia County</u>	<u>Total Three Counties</u>
Production in 1944#	6,017,664	10,501,364	10,899,576	27,418,604
Number of mines	37	20	34	91
Average days worked	224	257	239	240
Total number of men	3250	5590	4970	13,810
Average days per man	261	292	280	283
Tons per man day	7.07	6.45	7.60	7.01
Annual tons per man	1851	1878	2193	1985

Excluding strip mines

The average production per man-shift for the entire field, namely, 7.01 tons, is a fair measure of what this field has done under war conditions, and it may be presumed that in the post-war period, with the use of additional and improved machinery, there may be an even greater production per man day.

As previously noted in making a study of the production problems of the Cape Breton field, attention has been paid primarily to the physical conditions of the seams and to present practices with the thought that, if mechanical loading devices could be used successfully in parts of existing mines, eventually these mines could be completely mechanized and any new mines that might be opened would be planned to use these new types of equipment and mining methods. In the event suitable mining machines are not now available, it is possible that among the developments in the post-war period there may be mining machines which can be adapted to the requirements of the field. The entire future of the Cape Breton mining industry appears dependent upon increased production per man day, beginning at the face and following through haulage operations, hoisting and dumping operations, and the supplying of all the services incident to the safe and continuous operation of the mine.

When new mines are opened they should be opened because they would be the best equipped and most efficient that could be constructed, and permitting (1) concentration of work, (2) centralization of coal-preparation, and (3) the abandonment of

less efficient operations. The experience of the Cape Breton field and that of the European submarine fields point to the necessity for long-range planning of hoisting, transportation, and ventilation. Large-size mine openings must be provided at the start of operations and they must be suitable for carrying on the mining to great depth and to long distance from the shoreline. Any other plan of attack would be short-sighted from the viewpoint of the owner of the coal, the operator, and the community.

S E C T I O N I I I

COAL RESOURCES

A number of detailed statements have been filed with the Commission describing the various coal seams and showing the extent, amount, and character of the coal remaining in each of the seams in the Cape Breton area. The high quality coal remaining is largely in the submarine areas at greater depth and at greater distances seaward from the outcrop.

In order that this report may contain essential information as to the character, quality, and extent of the various coal seams, data have been compiled from the available surveys, reports, estimates, and previous submissions and are presented as Appendix I.

For the purpose of the estimates of reserves, no coal at greater depth than 4000 feet or at a greater distance than five miles from the outcrop has been considered workable by present mining methods and equipment. From all data available, the seams will continue to dip seawards. Some of the seams lying above the Harbour Seam, and which are not worked now, may be found to be workable by drilling upwards from workings in the Harbour Seam as it extends seaward. The discovery of such seams would add to the reserves, but would not change substantially any of the estimates of cost that will have to be forecast in connection with further development seaward.

The estimates of high-grade coal in the statements filed

show a total of 402,000,000 recoverable tons for the Dominion Company mines, and 42,250,000 recoverable tons for the Old Sydney Collieries.

In considering the other coal reserves, including the lower-grade coals in Glace Bay area and the Morien-Birch Grove area, as well as the areas controlled by the Nova Scotia Steel and Coal Company, in my judgment, insofar as the mining operations of the Dominion Company and of the Old Sydney Collieries are concerned, it is wise to concentrate underground work at and in the mines now opened, rather than to scatter the available labor force, supervisory force, available equipment, and working capital over an increased number of operations.

In marketing the coal from the various mines, it is the present practice to mix or blend the coal, thus making it possible to market some of the coal from the lower-grade seams which by themselves would not be marketable, but any large increase in output of such low-grade coal would, according to the sales department, result in much of the lower-grade coal having to be marketed by itself.

The Coal Company's estimate of good quality coal available, according to present allocations, indicates long life for a number of the mines, as follows:

<u>Dominion Company</u>	<u>Estimated Life</u> <u>Years</u>
No. 1B	165
No. 4	94
No. 12	60
No. 16	30
No. 18	31
No. 20	120
No. 25	25
Reserve for a new colliery (93,400,000 tons at 600,000 tons per year)	154
<u>Old Sydney Collieries</u>	
Princess	84
Florence	34

From the foregoing, it is evident that there is an ample tonnage of submarine coal that can be mined over a long period of years, if efficient production methods and machinery can be employed and continuing markets are available.

COAL DEVELOPMENT

Various submissions show that the percentage of coal mined from the land areas has been decreasing annually since 1924, and correspondingly the tonnage from submarine workings has been increasing rapidly. Of the Dominion Coal Company production, 88.6 per cent is submarine and all of the Old Sydney operations are submarine. It is probable that in the immediate post-war period the percentage of submarine production will continue to increase.

The future of the mines on the land areas is, of course, limited by the tonnage remaining unmined and the marketability of the coal from the lower grade seams lying below the Phalen Seam.

The allocation of the remaining coal area to various developed mines or reserves has received most careful consideration through the years, with the idea of providing the best and most economical hoisting, haulage, and ventilation facilities for the remaining coal.

In his statement to the Commission, the Chief Mining Engineer of the Dominion Coal Company pointed out that the history of submarine mining could be divided into four periods:

1. The transition from land mines to submarine mines with little change in plant, but with the mining method changed to permit sufficient coal to be left as pillars to support the bed of the ocean.
2. The rapid advance seaward of mines requires serious consideration of complicated haulage and ventilation problems and increased use of power. Under deeper cover different mining methods may be required.
3. With increased plant facilities necessitated by the seaward development, larger coal areas may properly be assigned to the plants designated to continue the mining of submarine coal at greater depths and at greater distances from the shore.

4. Following this last reallocation there will come the time when the equipment and plant become inadequate for the increasing lengths of haul, greater depths, etc., and an entirely new plant may be required, such as deep shafts for haulage and ventilation, and cross-measure tunnels to reach and serve one or more workable coal seams.

The foregoing statement depicted in a prophetic manner the development that has taken place and indicates the trends. Some of the present mines have been in the Third Period for some time and the inevitable conditions which lead into the Fourth Period are now confronting the Dominion and Old Sydney Collieries at some of their mines.

4.00 P.M. - COMMISSION ADJOURNED

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